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Summary record of the 6th meeting

Held at Headquarters, New York, on Wednesday, 7 October 2009, at 10 a.m.

Chairperson: Mr. Park In-kook ..... (Republic of Korea)
later: Mr. Mohamed Cherif Diallo (Vice-Chairperson) ..... (Guinea)

Contents

General debate (*continued*)

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The meeting was called to order at 10.15 a.m.

General debate (*continued*)

1. **Mr. Sow** (Guinea) said that the countries which were least responsible for triggering the economic crisis had been the hardest hit. Despite the fact that Africa remained somewhat outside the world economy, it had not been spared, experiencing setbacks in economic growth, agricultural development, the elimination of poverty and achievement of the Millennium Development Goals.

2. In Guinea, the mining industry, a major source of revenue for the State, had been particularly affected. That had led to a drop in local banks' foreign currency holdings. Companies which subcontracted with the mining industry had also seen their activity go down. Nonetheless, inflation was under control, and gross domestic product (GDP) had increased.

3. In the difficult economic conditions, the developed countries must fulfil their commitments under the Monterrey Consensus, the Doha Declaration and other agreements. It was hoped that commitments made by the Group of Twenty (G-20) to mitigate the impact of the crisis on the most vulnerable would be rapidly implemented. The Bretton Woods institutions should be reformed to provide fairer representation for poor countries. A relaunched Doha Round should strengthen preferential market access for goods produced in developing countries.

4. Headway had been made in applying the Heavily Indebted Poor Countries Initiative. Donors should work to make the Initiative a reality through more flexible conditions and stronger national and international capacities. South-South cooperation was proving to have tremendous potential.

5. Climate change was assuming greater importance on the international agenda. Guinea, with its many rivers and rich biodiversity, occupied a central place in policy-making for sustainable development and ecological balance in West Africa. It was important that the upcoming United Nations Climate Change Conference in Copenhagen should meet the expectations of a world increasingly concerned about environmental degradation.

6. **Ms. Blum** (Colombia) said that the cross-cutting nature of development issues had led to duplication with other decision-making bodies at the international level. The Committee mandate should complement work done elsewhere.

7. Colombia had advanced significantly in the Human Development Index ranking. Promotion by the Government of socially responsible investment and entrepreneurship had been instrumental. Poverty indicators were down, while tourism had grown by 9.5 per cent during the current year. However, there were fears of a new wave of protectionism. Market access was central not only to economic recovery, but also to the correction of the imbalances that had affected, for example, global food production and the stability of commodity prices.

8. Even though Colombia was a minor carbon emitter, it made an important contribution to combating climate change by maintaining large tracts of forest and generating clean energy. Hydropower represented 87 per cent of the energy generated in the country. At the same time, Colombia was extremely vulnerable to climate-related natural disasters and trusted that the Second Committee would send a clear message, based on the principle of common but differentiated responsibilities, to the Copenhagen Conference emphasizing the urgency of participants' reaching a comprehensive agreement containing ambitious mitigation commitments by developed countries and taking account of the need for flexible schemes to recognize the efforts of developing countries.

9. **Mr. Torrington** (Guyana) said that vulnerable economies were feeling the full effect of the economic crisis. Guyana, for example, was experiencing shrinking demand for its exports, higher cost of capital, scarcer foreign direct investment, fewer tourists and declining migrant remittances. Even as long-term solutions were sought, immediate relief was clearly needed for countries with limited capacity to respond. In particular, debt relief should be provided to middle-income countries with small, vulnerable economies.

10. Guyana, with its rainforest, was ready to provide services vital to the health of the planet, if the right market-based economic incentives were created, its sovereignty over the forest was not sacrificed and its legitimate development aspirations were not restricted. Funding for forest preservation must outcompete other legitimate alternative uses of forests. Prevention of tropical deforestation was the most cost-effective abatement solution available, but there was almost no capital flowing for that purpose. The agreement

reached in Copenhagen must take account of the importance of forests.

11. Given that 70 per cent of the population of Guyana was employed directly or indirectly in agriculture and related activities, and that agriculture was a major component of GDP, the renewed focus on agriculture and food security in the work of the Committee was welcome. The food crisis of 2008 had demonstrated the centrality of agriculture to the pursuit of sustainable development.

12. **Mr. Jomaa** (Tunisia), speaking on behalf of the African Group, said that failure to fulfil all the commitments made to address poverty in Africa was not due to a lack of resources. Expenditures on arms had increased during the financial crisis, and trillions of dollars had been spent on bail-out packages across the developed world. Yet the target of doubling aid to Africa by 2010 was not being met. The African Group called upon developed countries to fully implement all the outcomes of the major conferences and summits through increased aid, full debt relief, facilitated technology transfer and improved access to their markets for African exports.

13. The financial crisis had worsened food insecurity in Africa, and food insecurity had been exacerbated by the decline in food aid. While over 12 billion United States dollars in food aid had been pledged in June 2008, a mere one billion of that amount had been disbursed by the following February. According to the World Bank, the crisis would drive an additional 27 million people in Africa into poverty, have a negative impact on health and education and lead to increased unemployment. The appeal made to donor countries by the Under-Secretary-General for Economic and Social Affairs to step up debt relief, maintain official development assistance (ODA) and ensure stable resource flows had the full support of the African Group. The Second Committee should give greater attention to unemployment and health issues, including non-communicable diseases.

14. Climate change was causing sea and temperature levels to rise in Africa and was triggering water scarcity. It could lead to large population movements and spark conflicts. The agreement reached in Copenhagen must ensure sufficient reductions in emissions and the provision of additional financial, technological and capacity-building support to countries in need.

15. **Mr. Al Nafisee** (Saudi Arabia) said that his delegation was extremely concerned about the global economic and financial crisis, the effects of climate change and global warming, the development challenges facing Africa and population growth. The international community must make a determined effort to address those issues. The achievement of development and the eradication of poverty were a moral and humanitarian responsibility. The establishment of a global economic balance and a solid foundation for economic development could be achieved only through collective efforts based on a sense of shared responsibility. Efforts to reform the international financial, monetary and trade systems should take place through existing institutions and should avoid proposals that did not enjoy consensus. At the same time, developing and least developed countries must support each other and be more united if they were successfully to address the obstacles that prevented them from achieving their development objectives and maximizing their role in the global economy. Developing countries must be allowed to join the World Trade Organization (WTO) on a fair basis and to export their products duty-free.

16. The United Nations, in particular the Economic and Social Council, played a pivotal role in supporting international cooperation, in achieving the internationally agreed development goals and in ensuring that developing countries could benefit from development programmes and play a greater role in global discussions about funding and funding mechanisms. Priority must be given to achieving economic development, to establishing social stability and to addressing environmental and population-related problems, and all three pillars of sustainable development must be implemented.

17. The adoption by some industrialized countries of selective climate-change policies was a matter of concern. Moving away from fossil fuels was unfeasible and impractical, particularly in view of the availability of carbon dioxide storage technology and clean fossil fuel technology. Rather than moving away from fossil fuels, the backbone of the global economy, Member States should make more extensive use of the technologies available.

18. As a signatory of the international environmental conventions, including the Kyoto Protocol, Saudi Arabia participated actively in global efforts to protect the environment, within the principles governing joint

international activity, and contributed to such efforts by investing in solar technology and wind energy production. The international community must adopt measures that both protected the environment and contributed to global economic growth. Ongoing improvements in the technologies of energy use would be key in addressing the many environmental problems facing the world today. Efforts to combat climate change must be based on the principle of common but differentiated responsibilities. If it was to achieve concrete results, the fifteenth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change and the fifth session of the Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol, to be held in Copenhagen in December 2009, must benefit from the active participation and contribution of all countries. His delegation looked forward to the adoption of an international agreement on greenhouse gas emissions that went beyond 2012.

19. Globalization should be a matter not only of opening markets, but also of expanding opportunities for all. The purpose of globalization must be to improve people's quality of life, to eradicate poverty and disease, to end ignorance and to facilitate technology transfer to developing countries, which, in return, were responsible for creating an environment conducive to development by activating market economy mechanisms and by granting a primary role to the private sector.

20. His delegation attached great importance to follow-up to the implementation of the Millennium Development Goals. Saudi Arabia had already met several of the Goals and was on track to achieve several others before 2015.

21. **Mr. Bodini** (San Marino) said that the many pressing issues facing the Committee were overshadowed by the global economic and financial crisis, which the General Assembly must address as a priority. San Marino had been severely affected by the crisis. Unemployment was increasing, its savings were disappearing and its dreams of social stability were vanishing.

22. While the efforts of the G-20 to stem the crisis were welcome, it was the responsibility of the United Nations to devise a long-term plan to address the problem, which could be resolved neither with a short-term fix nor with solutions that satisfied few at the expense of many. The General Assembly must find an effective response based on a balanced compromise that accommodated the aspirations of all nations and the basic economic rights of all citizens.

23. It could not be left to a few — and especially not to the technocrats and practitioners who had allowed the crisis to happen in the first place — to address the root causes of the crisis or to reform the international financial structure. Rather, a constructive, informed, political debate should take place in the General Assembly. That debate should not be hijacked by extreme or radical ideas, but should be conducted with a sense of common responsibility with the aim of devising a lasting and equitable world economic plan blessed by the universal legitimacy of the United Nations.

24. **Mr. Macheve** (Mozambique) said that his Government was committed to participating in international efforts to address the challenges facing the world today. Together, the economic and financial crisis, climate change, and volatile food and oil prices threatened to undermine efforts to achieve the internationally agreed development goals, including the Millennium Development Goals. The challenges posed by climate change were a particular concern for Mozambique, owing to its geographical location, agro-climatic conditions and vulnerability to cyclical natural disasters, with the serious human, material, social, economic and environmental consequences they entailed.

25. As it prepared for the high-level plenary meeting of the General Assembly to be held in September 2010 to review the progress made on the Millennium Development Goals, the international community must redouble its efforts to attain those Goals by 2015. His delegation was confident that the current reforms would result in a more relevant United Nations that could contribute more effectively to such efforts. It attached great importance to the outcomes of the deliberations on operational activities for development of the United Nations system.

26. As a least developed country itself, Mozambique was keenly interested in ways to overcoming the challenges facing those countries. It looked to the international community to create an effective framework for addressing the impact of the economic and financial crisis on the most vulnerable countries. The least developed countries should be assisted in

developing their national capacity to respond to food and energy crises and natural disasters and in improving their national warning systems. To help countries face the challenge of climate change, international support should be given to the creation of a national adaptation programme of action. He commended world leaders for the resolve they had demonstrated at the Summit on Climate Change, held in New York in September 2009. The significant pledges they had made could push negotiations towards a global deal at the Copenhagen Climate Change Conference in December 2009. He hoped that the strong political message delivered in New York would be translated into a global green new deal in Copenhagen.

27. The problems facing today's world were intrinsically linked. For that reason, the Committee should continue to focus on the United Nations development agenda. The United Nations played an important role in coordinating international efforts to address humanitarian issues relating to natural disasters. Hence the urgent need to accelerate efforts to make the United Nations more effective, efficient and coherent and, therefore, more responsive to the development needs of developing countries.

28. It was equally necessary to reform the international economic and financial system and architecture so that it met twenty-first-century needs. The governance structure for international cooperation should be unique and inclusive, and should give a voice to rich and poor countries alike. The ultimate goal of such reform should be to restore global economic confidence and to achieve sustainable development for all countries and all peoples. As one of the pilot countries of the "Delivering as One" initiative, Mozambique was fully committed to United Nations system reform at the country level.

29. *Mr. Mohamed Cherif Diallo (Guinea), Vice-Chairperson, took the Chair.*

30. **Mr. Milanović** (Serbia) said that 2009 had been a very difficult year. Much of the progress made on the Millennium Development Goals was in danger of being reversed. As the ones with most influence on the international financial and trading system, the major economies bore particular responsibility for ensuring the stability of the system as a whole and, through the G-20, would have the biggest say in discussions about the global economy. Developing countries wanted a transparent economic system free from market speculation and extreme fluctuations in commodity and agricultural prices, and to have their voice heard in the context of the G-20. Protectionism, which jeopardized the achievements of recent decades, must be avoided.

31. While good governance was undoubtedly important for development, ODA was an important supplement, particularly in times of crisis. The Millennium Development Goals would not be attained unless developing countries received adequate support. Particular attention should be paid to countries emerging from conflict.

32. Serbia's GDP growth rate had been high for seven years, averaging 6.2 per cent for the past three years. In the first quarter of 2009, however, it had dropped to -3.5 per cent compared to the first quarter of 2008. It was projected to decline even further by the end of the year. Fortunately, the crisis had taken more time to hit Serbia owing to banking system reforms and a strict monetary policy.

33. In the first seven months of 2009, both exports and imports had fallen compared to the same period in 2008. At the same time, imports had exceeded exports by 52 per cent, a higher figure than for 2008.

34. The main challenge facing his Government was the high rate of unemployment, which had risen from 14.7 per cent in October 2008 to 16.4 per cent in April 2009. It would be difficult for Serbia to create jobs, however, owing to the commitment it had made to the International Monetary Fund (IMF) to streamline the State and local administrations. The Global Jobs Pact recently adopted by the International Labour Organization (ILO) was therefore welcome.

35. The economic crisis should not prevent agreement from being reached in Copenhagen. Climate change negotiations must be meaningful and all parties must show a readiness to address the issue. A broad consensus was needed; no one should be excused. While developed countries were required to make bold commitments, developing countries must assume their share of the burden too. That said, they must not be punished for not being developed. Adequate financial support and unencumbered green technology transfer were therefore essential. Unilateral actions that introduced taxes for certain non-green products from developing countries were unwelcome. The only way to address climate change was through a broad consensus.

36. Food security was another important issue. Today, there were 1 billion hungry people in the world. The economic crisis and changing weather patterns threatened to exacerbate the problem. Food aid was no longer enough. The problem would be solved only through a comprehensive approach that promoted sustainable agricultural development.

37. Lastly, the Committee played a key role in building global consensus on such issues as the economy, climate change and development and should serve as a link between the G-20 and the rest of the United Nations membership.

38. **Mr. Rugunda** (Uganda) said that many of the most vulnerable countries had not yet emerged from the food security and energy crises at a time when the world faced even greater challenges, including the global financial and economic downturn, climate change and the influenza A (H1N1) pandemic. Rising economic and environmental insecurity was seriously diminishing many developing countries' hopes of achieving the Millennium Development Goals by 2015, while the various global crises had exposed weaknesses in the current global system. The international community's failure, until recently, to find a solution to the global economic and financial crisis highlighted the serious gaps in multilateralism and the need to reform multilateral systems, including the international financial institutions and the United Nations itself.

39. At the same time, it was important not to overlook such other key priorities as poverty reduction and sustainable development. The Committee should focus on global action to accelerate progress in those areas, giving top priority to the fulfilment of commitments relating to the financing of sustainable development. It must deliver concrete guidance to the General Assembly in that regard.

40. Uganda was working hard to meet its development commitments. It had implemented national strategies for attaining the Millennium Development Goals and had prioritized funding for infrastructure development, energy, universal primary and secondary education, and health care. Its economy had been fairly resilient and its GDP was projected to grow by 7 per cent in 2009-2010. Like most of the least developed countries, however, it was severely constrained by a lack of development resources owing to a decline in income from trade, tourism and remittances and a lower level of ODA and foreign direct investment (FDI). The efforts of the least developed countries required effective international support. Adequate attention must be paid to issues relating to poverty eradication and sustainable development, including international trade and investment, debt relief, ODA, and finance and technology transfer for climate change adaptation. In view of the current multiple crises, the Committee should pay particular attention to countries in special situations. Since South-South cooperation was an important complement to North-South and triangular cooperation, his Government was looking forward to the High-level United Nations Conference on South-South Cooperation, to be held in Nairobi in December 2009.

41. Following the collapse of the Doha Development Round, more and more countries were threatening to introduce climate change-related trade protectionism. Developing countries would lose twice if such threats were carried out. The adoption of unilateral trade measures that blocked or restricted developing country exports on climate change-related grounds violated WTO provisions and should therefore be prohibited. His delegation looked forward to reviewing the issue further in the context of WTO guidelines. In its view, the upcoming Copenhagen Climate Change Conference provided the best — and perhaps the last — chance of saving humanity from a global catastrophe.

42. **Mr. Loulichki** (Morocco) said that, in such a time of multiple global crises, the United Nations was best placed to take account of the interests of all States, regardless of their level of development. The Outcome of the United Nations Conference on the World Financial and Economic Crisis and Its Impact on Development, held in New York in June 2009, provided the clearest expression yet of international efforts to address the crisis.

43. The financial crisis continued to impact negatively on the economic performance of developing countries and, therefore, on their social situation and political stability. Projections for 2009 showed that, despite a number of positive signs, the recovery remained fragile and economic growth would continue its downward trend. Global unemployment, meanwhile, was expected to rise by between 40 million and 60 million in 2009. To mitigate the impact of the crisis on their economies, developing countries needed to mobilize considerable financial resources. However,

the very sectors that were considered their primary source of income had been hit hard by the crisis. Developing countries were therefore unable to implement policies to kick start their economies or to help them attain the Millennium Development Goals. For such countries, ODA was the only source of financing. Hence the importance of developed countries meeting their ODA commitments.

44. According to the Millennium Development Goals Report 2009, an estimated 55 million to 90 million more people than anticipated would be living in extreme poverty in 2009. The many international meetings on the subject had failed to generate the momentum needed for the Goals to be attained by 2015. Actions to promote the attainment of the Goals must be an integral part of efforts to relaunch economic growth. The high-level meeting of the General Assembly to be held in September 2010 would provide an opportunity for specific measures to be taken to help countries lagging behind the most to attain their development goals.

45. African countries had worked hard to address the crisis and to maintain their growth. Most, however, lagged behind in development. Africa was expected to record only 2 per cent growth in 2009, compared to an average of 6 per cent between 2004 and 2008. According to the Economic Report on Africa 2009 of the Economic Commission for Africa, progress towards meeting the targets of the Millennium Development Goals had been mixed, with some noticeable gains in universal education but very limited headway on poverty and hunger eradication and on most of the health-related Goals. In addition, the continent had fewer and fewer resources for development. ODA granted to Africa was not enough for it to meet its development objectives. To prevent the situation from deteriorating further, the international community must honour its commitments towards, and mobilize more resources for, Africa. In that connection, his delegation welcomed the recommendations contained in the Secretary-General's report on Africa's development needs: state of implementation of various commitments, challenges and the way forward (A/64/208).

46. His Government attached great importance to the issue of food security. The World Summit on Food Security, to be held in Rome in November 2009, should address the structural causes of food insecurity and adopt urgent measures for countries facing food shortages.

47. South-South cooperation -- which should be strengthened and supported by the entire international community -- should complement, not replace, North-South cooperation. His delegation hoped that the upcoming High-level United Nations Conference on South-South Cooperation would place such cooperation at the heart of global efforts to address the effects of the crisis. Interregional partnerships should also be strengthened.

48. The huge climatic changes that the world was currently experiencing would have an irreversible impact on the Earth's ecosystem. The upcoming Copenhagen Climate Change Conference provided a historic opportunity for all humanity to correct that trend. He called for a new climate change agreement that reaffirmed the principle of common but differentiated responsibilities and reflected the international community's commitment to strengthen mitigation and adaptation measures in developing countries by mobilizing new, predictable and sustainable financial resources and through capacity-building and technology transfer.

49. According to WTO, international trade would decrease by 10 per cent in 2009. That the economic and financial crisis had hit developing country exports hardest highlighted both the fragility of their trading systems and their vulnerability to such crises. The interests of developing countries must be given due consideration in the Doha Round of trade negotiations. Lastly, his delegation was convinced that the United Nations must remain at the heart of efforts to solve the various global crises and hoped that the Committee's work would help forge the consensus needed.

50. **Ms. Ochir** (Mongolia) said that the food, fuel and financial crises constituted a development emergency. Work to establish an effective early warning system to develop resilience to future crises should continue, and in that regard she welcomed the establishment of the Global Impact and Vulnerability Alert System.

51. The Government of Mongolia had been instrumental in establishing an international think-tank of landlocked developing countries to enhance the analytical capability of those countries and coordinate efforts to implement the Almaty Programme of Action on the new global framework for transit transport cooperation for landlocked and transit developing

countries and to achieve the Millennium Development Goals. It had been launched in July 2009 by the Secretary-General and the Foreign Minister of Mongolia.

52. The G-20 framework must be more inclusive and should set up a formal relationship with the United Nations. The resolve of the G-20 to fight protectionism was welcome, as was its commitment to the successful conclusion of the Doha Round by 2010.

53. Prior to the crisis, Mongolia's GDP had been growing at a rate of over 9 per cent per year. Approximately two thirds of the Millennium Development Goal targets had been met in Mongolia. However, the goals of halving poverty and ensuring environmental sustainability remained challenging. A national plan of action to overcome the financial crisis had been approved by the Parliament and included measures to stimulate the economy using market mechanisms, protect the vulnerable from the impact of the crisis, and improve food supply. The Government's goal was to achieve self-sufficiency in major foodstuffs by 2010. Recently, it had adopted a programme that would focus on intensive development of the mining industry, agriculture and manufacturing based on local raw materials.

54. **Mr. Matenje** (Malawi) said that the Millennium Development Goals could be achieved only if donor countries met their commitments. However, commitments had stalled since the International Conference on Financing for Development, held in 2002 in Monterrey, Mexico, and, as a result, many developing countries were off track in meeting their Millennium Development Goals. With only six years left before the target date, there was no time to lose. Obstacles limiting progress must be addressed.

55. Malawi had rapidly gone from being a food-deficit nation to being a food-surplus nation and a food exporter. However, climate change would cause major setbacks to agriculture and food production. There must be support for scientific research and the development of appropriate technologies to combat its effects, and research results must be shared with developing countries.

56. Landlocked countries had particular challenges, paying on average almost three times more for transportation than other countries. With its neighbour Mozambique, Malawi was exploring the possibility of opening an inland water channel to the Indian Ocean to facilitate access to trade in the subregion.

57. **Mr. Dao** (Mali) said that his country had implemented a development framework focused in part on agriculture. That sector had been hit hard by flooding, drought and other natural disasters related to climate change.

58. The Committee should pay particular attention to developing countries. Those countries, especially the poorest ones, should be involved in the process of setting up mechanisms governing development and development financing. Thoroughgoing reform of the international financial architecture was called for to allow poor countries to participate in decision-making.

59. **Mr. Pak** (Democratic People's Republic of Korea) said that the economic crisis was the result of mistaken policies pursued by the developed countries, particularly the United States of America. Developing countries were suffering the most from the current crisis, which threatened progress in achieving the Millennium Development Goals.

60. A new economic order must be established that put all countries on an equal footing. Global reform must be approached from the perspective of the developing countries. International and regional meetings on the financial crisis had resulted in limited measures aimed at the recovery of financial markets in a few countries, while overlooking the interests of developing countries.

61. The current international financial system was an obstacle to the interests and rights of developing countries. The protectionist policies pursued by developed countries limited access to markets by developing countries and barred their access to preferential and equitable benefits. Recent moves to formulate a unified policy to review international development policy without taking note of the specific conditions of individual countries were a source of concern in the developing world.

62. In combating climate change, it was important to adhere to the principle of common but differentiated responsibilities. At the upcoming Copenhagen Conference, measures should be taken to promote the preferential transfer of environment-friendly technology to developing countries.

63. The Special Unit for South-South Cooperation should step up efforts to strengthen the national

capacities of developing countries and to provide new momentum for South-South cooperation. The People's Democratic Republic of Korea welcomed the adoption by the General Assembly of the resolution on a United Nations conference on South-South cooperation, to be held in Nairobi in December 2009.

64. **Mr. García González** (El Salvador) said that his delegation welcomed the international community's efforts to address the global economic and financial crisis. It too was concerned about the ensuing global recession. For developing countries, the negative effects of the crisis included a greater struggle in attaining the Millennium Development Goals; an increase in poverty, unemployment and underemployment; and a decrease in remittances and investment.

65. His Government had implemented a $587.5 million programme designed to mitigate the negative effects of the crisis through, inter alia, a significant increase in investment in social development programmes; the creation of a social protection system; the provision of education grants and of basic pensions for the elderly; and the creation of a development bank. It had also created an Economic and Social Council with a view to promoting national dialogue on public policies and thereby designing a socially inclusive development strategy based on transparency, participation and accountability.

66. International cooperation was key to economic recovery and growth as it increased opportunities for South-South cooperation at the regional and subregional levels. His delegation therefore looked forward to the upcoming High-level United Nations Conference on South-South Cooperation.

67. El Salvador was committed to fulfilling its commitments both under the Doha Declaration on Financing for Development, adopted in 2008 at the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, and under the Outcome of the recent United Nations Conference on the World Financial and Economic Crisis and Its Impact on Development. His delegation intended to participate actively in the work of the ad hoc open-ended working group of the General Assembly established to follow up on the issues contained in that Outcome.

68. His delegation supported efforts to reform global economic governance structures to ensure that global issues were addressed in a more effective and coordinated manner. The main focus of such reform should be to give developing countries more of a say in economic matters and strengthen their participation in the Bretton Woods institutions.

69. Even though the crisis had caused a dramatic drop in manufacturing exports from Central America, his delegation remained convinced of the importance of trade and investment as engines for development. The crisis had also affected the employment levels and the remittances of Salvadorians living in developed countries, in particular the United States. The human rights of those migrants and their families must be protected, and to that end, a comprehensive and long-term approach to migration was needed. He also joined others in calling for an early and successful conclusion of the Doha Round.

70. His Government would continue to support initiatives aimed at addressing the specific needs of middle-income countries. Ongoing international support was essential if such countries were to consolidate the progress they had made on social development and growth. His delegation would actively support efforts towards the adoption by the Committee of a substantive resolution on development cooperation with middle-income countries.

71. Lastly, his Government attached great importance to efforts to combat climate change and environmental degradation. Member States must prepare for the challenges of a new low-carbon global economy and be willing to integrate environmental protection into their development strategies. For that reason, his Government attached great importance to the intergovernmental negotiations being held in the run-up to the Copenhagen Climate Change Conference. It was important to promote a comprehensive approach to sustainable development based on its three interdependent and mutually reinforcing pillars.

72. **Mr. St. Aimee** (Saint Lucia), referring to the Secretary-General's report on development cooperation with middle-income countries (A/64/253), said that, according to the World Bank definition of middle-income country, which classified middle-income countries as those with a per capita gross national income (GNI) of between $976 and $11,905, there were currently 101 middle-income countries. However, that group included countries without armies and countries with the largest armies in the world; nuclear-

status countries and countries that could barely meet their energy bills; and countries with billions of dollars invested overseas and countries drowning in debt. The definition was therefore flawed and should be reviewed.

73. Even though they faced challenges in meeting their people's needs, small island developing States were asked to contribute disproportionately to peacekeeping operations. Small island developing States were peace-loving countries that spent their resources not on arms, but on providing their people with educational, health-care and sporting facilities and with entrepreneurial opportunities. If the United Nations failed to respond to the special needs of such States, the number of least developed countries would increase.

74. After just 30 years of independence and despite enjoying limited natural resources, Saint Lucia had achieved a fairly decent standard of living for its people. It was already feeling the effects of climate change. If a good deal was not reached in Copenhagen, it might face its greatest challenge yet. All his Government asked was that no additional burden be placed on Saint Lucia's shoulders.

75. The issue of assistance to middle-income countries should be revisited. In his delegation's view, middle-income countries with per capita GNI of $3,245 and below should be considered the most deserving. Given the high cost of food, energy and technology acquisition, such countries could hardly be called rich. In fact, it would be difficult to survive at that level, let alone develop.

76. The people of Saint Lucia and of the Caribbean in general were willing to shoulder their responsibilities. However, if they were asked to bear too heavy a burden, both sides would suffer. Member States should work together to make the United Nations a true brotherhood in keeping with the intent of the framers of the Charter. No one could pay what they did not have.

77. Any success achieved by middle-income small island developing States had been by virtue of steady growth through prudent management of limited resources. Such States did not have the capacity to withstand shocks or to introduce stimulus packages. Their best defence in the past had been to avoid shocks and crises, something that was not as easy in today's globalized world. Furthermore, small island developing States did not enjoy the diversity of operations that large economies did. Shocks and crises therefore spelled disaster for them. They had to manage every aspect of life without overly straining the ecosystem. In short, they had very little room for error.

78. Most middle-income small island developing States had met the ecological and development-related challenges facing them. They simply wanted greater understanding from the international community so that they could continue along the path of human development, while protecting their natural heritage.

79. **Ms. Ritola** (Observer for the International Federation of Red Cross and Red Crescent Societies (IFRC)) said that the international community faced mounting challenges. Millions of lives were threatened by disease and hunger, and increasing populations were at risk of poverty and natural disasters. In the past few days, several simultaneous extreme weather events had hit Asia, devastating vulnerable communities and testing current disaster-preparedness levels. In Vietnam the Red Cross had helped evacuate over 160,000 people, while in Samoa affected people had found refuge at Red Cross shelters across the country. IFRC was committed to saving lives and to addressing vulnerability. Its national societies and their trained volunteers were always there, on the ground, supporting communities at risk, building resilience and enhancing local response capacities.

80. The ongoing financial and economic crisis was having a disastrous impact on poverty and vulnerability around the world. Social security was threatened and unemployment was on the rise. While there were signs of recovery, some effects of the crisis would become visible only over time. Adding to the mix of urgent humanitarian and development challenges were accelerating climate change, more frequent natural disasters, rapid population growth, urbanization and food insecurity.

81. The combined impacts of those challenges were of serious concern to IFRC. In 2008 alone, over 200 million people had been directly affected by natural disasters. Existing disaster management capacities and funding arrangements were simply not enough to cover growing caseloads. Addressing the needs of an ever-increasing number of vulnerable people required additional funding and a substantial investment in risk reduction.

82. While such challenges were too great for any one Government or organization to tackle effectively, there were solutions. The Hyogo Framework for Action, for example, offered a clear road map for addressing disaster risk. The IFRC Guidelines for the Domestic Facilitation and Regulation of International Disaster Relief and Initial Recovery Assistance, meanwhile, were designed to enable Governments to be better prepared for the legal problems commonly encountered in international relief operations.

83. Indeed, many of climate change's humanitarian consequences could be averted or reduced. Cyclone-preparedness programmes in Bangladesh and Mozambique had saved hundreds of thousands of lives and could be expanded to address the increased risk of heavy storms and floods. Public hygiene campaigns had improved health in villages and cities around the world and could be upgraded to address such climate change-related risks as the spread of dengue and malaria. Other solutions included upgrading care for the elderly during heatwaves, planting trees against landslides and storm surges, and introducing water-saving systems against drought.

84. For those living with disaster risk, the international community must come together and design an innovative climate change agreement in Copenhagen. For those living in poverty, the international community must do more to alleviate their suffering.

The meeting rose at 12.55 p.m.

United Nations A/C.2/64/SR.7

General Assembly
Sixty-fourth session

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Second Committee

Summary record of the 7th meeting
Held at Headquarters, New York, on Wednesday, 7 October 2009, at 3 p.m.

Chairperson: Mr. Mićić (Vice-Chairperson) ..... (Serbia)

Contents

General debate (*continued*)

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09-54573 (E)

Please recycle

In the absence of Mr. Park In-kook (Republic of Korea), Mr. Mićić (Serbia), Vice-Chairperson, took the Chair.

The meeting was called to order at 3.25 p.m.

General debate (*continued*)

1. **Mr. Mohamed** (Maldives) said that his country, which belonged to two of the three most vulnerable groups identified by the United Nations — the least developed countries and small island developing States — had been severely affected by the economic and financial crisis, compounding the challenges it already faced, including in its continued efforts at recovery from the 2004 Indian Ocean tsunami. The current global recession had exacerbated the country's fiscal situation and would probably hinder its progress towards meeting the internationally agreed development goals, including the Millennium Development Goals. The United Nations should thus renew its efforts to design a global economy that addressed inequality and redressed global imbalances in finance and trade regimes. In that regard, the international community must demonstrate flexibility and the political will needed to break the impasse in negotiations for an early, successful and development-oriented conclusion of the Doha Development Round by 2010.

2. To ensure the smooth transition of the Maldives from least developed country status to a middle-income developing country by the end of 2010, a process that the General Assembly had decided to defer in 2004 due to the extensive damage caused by the tsunami, the country needed special and differential treatment and commitment from its partners. He drew attention to the Economic and Social Council's recent adoption by consensus of a resolution co-sponsored by his delegation for an independent, system-wide assessment of the effectiveness of support for small island developing States (E/2009/L.35).

3. The new Government in the Maldives had initiated major economic reform to reduce government expenditure, in consultation with the International Monetary Fund and the World Bank, but would also need assistance from its development partners.

4. For the Maldives, climate change was an everyday reality that forced it to divert its limited resources from strategic development to recovery and reconstruction. In that respect, the international community should commit resources to help the poorest and most vulnerable countries to adapt to climate change, and reach an ambitious and effective agreement at the upcoming United Nations Climate Change Conference in Copenhagen to limit average global temperature increases to below 1.5 degrees Celsius above pre-industrial levels. His Government planned to make the Maldives carbon-neutral by 2010.

5. **Mr. Askarov** (Uzbekistan) said that the Committee should actively and efficiently coordinate and channel Member States' intellectual, technological and resource potential to find a sustainable solution to the multiple crises which the world was facing. Fundamental reform of the global and financial and banking systems was needed to respond to the multi-faceted world economic and financial crisis, which was being exacerbated by protectionist policies of the largest economies. Alleviating the effects of climate change would require an understanding of its underlying causes and coordinated action. Developed countries should take the lead in that regard and shoulder the bulk of the burden. The international community must achieve a just and comprehensive deal at the upcoming Climate Change Conference in Copenhagen, and develop mechanisms to analyse and predict climate change accurately, so as to improve coordination with a view to achieving effective management of climate risks and developing adaptation measures.

6. The international community also needed to engage in closer cooperation to ensure food security, and draw on modern technological advances to increase food production. As the shortage of freshwater impeded food production, States must endeavour to achieve sustainable management of water resources in rural regions in particular. In that respect, Uzbekistan endorsed the views of the Food and Agriculture Organization of the United Nations (FAO) that freshwater should be primarily used for food production. He noted that Uzbekistan had reached food and energy independence in the mid-1990s and was a major exporter of vegetables, fruit and wheat to countries of the former Soviet Union. As Uzbekistan was home to nearly half the population of Central Asia, his delegation had the moral duty to lead coordination efforts to help resolve the food production problem. It had been affected more than other countries in the region by the shrinking of the Aral Sea, which exacerbated desertification in the area and affected agricultural production. Furthermore, water supply from the major rivers of Central Asia was lower than the annual norms, making it difficult to provide the necessary amounts of water for drinking and irrigation

in the region, where 65 per cent of the population lived in rural areas and depended directly on development of the agricultural sector.

7. His delegation strongly believed that all hydropower installations at transboundary rivers should undergo obligatory international expert appraisals under the auspices of the United Nations. Unless immediate action was taken in that regard, the livelihood of tens of millions in Central Asia would be at serious risk. A balanced water and energy situation in Central Asia should be ensured through constructive dialogue and based on consensus among countries in the region.

8. **Mr. Tanin** (Afghanistan) said that Member States must work together in the face of the challenges posed by the economic crisis, food insecurity, the eradication of poverty in developing countries, climate change and sustainable development. Afghanistan was committed to a range of initiatives which prioritized the needs of least developed countries in the current environment, such as the International Ministerial Conference of Landlocked and Transit Developing Countries and the Third United Nations Conference on the Least Developed Countries, the Paris Declaration on Aid Effectiveness and Accra Agenda for Action and the Hong Kong Ministerial Declaration, and hoped to add the resolution of the Doha Development Round to that list.

9. Afghanistan's development capacity had been particularly threatened by the financial crisis. In that respect, official development assistance (ODA) and foreign aid to his country and other least developed countries and countries with special needs must be effective, consistent and predictable. Immediate steps should be taken to ensure accountability and transparency, donor coordination and fulfilment of commitments to ensure the effective use and channelling of aid. Afghanistan would otherwise face difficulties implementing its national development strategy and internationally agreed development goals such as the Millennium Development Goals. Better coordinated development programmes and increased aid were needed to help Afghanistan to develop its agriculture and ensure food security. There was a desperate need in Afghanistan, as in other developing countries, to eradicate poverty, and in that respect, he hoped that the second United Nations Decade for the Eradication of Poverty would be the last.

10. Since climate change would affect all countries, it was vital for all to recognize the need for a successful outcome of the Copenhagen Conference, and support the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto and Montreal Protocols. As a post-co .flict country, Afghanistan was confronted with a number of difficult challenges. While sustainable development had often been sidelined in post-conflict situations, both short- and long-term projects should be undertaken as those might be the only way to establish enduring security and reduce dependence on foreign aid. Regional cooperation was also key to finding a solution in Afghanistan and in other post-conflict States, as was South-South and North-South cooperation. He hoped that Afghanistan's use as a bridge within the greater region would be reinvigorated through the expansion of regional energy, trade and transit markets and a coordinated effort to eliminate the narcotics trade.

11. **Ms. Rubiales de Chamorro** (Nicaragua) expressed concern about the worsening global economic situation, which left millions of persons unemployed and poor, and the global food, energy and environmental crises. Her delegation welcomed the work of the ad hoc open-ended working group established to follow up on issues contained in the Outcome of the United Nations Conference on the World Financial and Economic Crisis and its Impact on Development. She hoped that developed countries would significantly and effectively contribute to the upcoming High-level United Nations Conference on South-South Cooperation.

12. Her delegation rejected the use of unilateral economic measures, which violated the Charter of the United Nations and international law. In that respect, she looked forward to the Committee's review of the Secretary-General's report on the implementation of General Assembly resolution 62/183 on unilateral economic measures as a means of political and economic coercion against developing countries and called on the Committee to ensure that specific, immediate and effective measures were taken to stop the undermining of those countries' right to development.

13. She hoped for substantial progress at the upcoming High-Level Conference on World Food Security. In addition, the Climate Change Conference in Copenhagen should be an opportunity for developed countries to fulfil their historic responsibility under the Kyoto Protocol and stop trying to undermine the principle of common but differentiated responsibilities.

14. The link between disarmament and development was clear: the sums being spent worldwide for military purposes while so many persons died of hunger, thirst or preventable disease were staggering. Moreover, the maintenance and establishment of foreign military bases in developing countries was a matter of deep concern, as they threatened peace and security at the regional level in particular.

15. She noted that Nicaragua had just been declared free of illiteracy by the United Nations Educational, Scientific and Cultural Organization (UNESCO) and enjoyed free health care and education, and FAO had rated the country's school nutrition programme among the four best in the world. Nicaragua had also developed renewable sources of alternative energy, all made possible through cooperation with the Bolivarian Alternative for the Americas (ALBA).

16. Consumer societies were incompatible with the safeguarding of natural and energy resources, so vital to the development and preservation of the human species. A new global economic order was thus needed, and developed nations in particular must support the efforts of countries in the South to exercise their legitimate right to development and build their own future.

17. **Mr. Hernández-Milian** (Costa Rica) said that the Second Committee must primarily be a multilateral space for action going beyond standardized language and beyond the ritual repetition of resolutions that reappeared every year, often to limited effect. It must be a forum where ideas were brought together to overcome the barriers that blocked participants' collective creativity and capacity to generate positive change in an unequal and unfair world. The Committee must be the front line of attack, using consistent and action-oriented resolutions, to overcome the obstacles in the way of collective sustainable development.

18. The impact of the financial and economic crisis on the world and in particular on the possibilities for development had been mentioned often enough. There was no doubt that the present crisis represented a threat, particularly in the poorer countries, to the achievement of the Millennium Development Goals. Without decisive action, millions of people every day would swell the ranks of those living in extreme poverty. It was imperative for the international community to fulfil the commitments that had emerged from the various international forums, if development objectives were not to be jeopardized. An important step in the year ahead would be the 2010 summit to review the progress made towards the Millennium Development Goals. For Costa Rica, that was a priority task: it was not just a matter of achieving satisfactory macro-economic indicators but, rather, of meeting each goal with a focus on the human being, investing strategically in people's overall development. That meant providing more education, better health and greater opportunities for work and well-being. It meant sustainable management of natural resources, because genuine development went hand in hand with the conservation and sustainable use of natural resources.

19. The Committee must issue a resounding call to the international community to act responsibly in support of sustainable economic development. Given the impact of the global economic and financial crisis, medium-income countries, such as Costa Rica, needed to be provided with meaningful financial and technical resources and knowledge. The United Nations needed to promote the exchange of information, experience and best practices between medium-income countries and others, in a spirit of international cooperation and within the framework of the Monterrey Consensus establishing the mutual responsibility between developed and developing countries for the achievement of development goals.

20. Costa Rica was a country that, historically, had given a practical demonstration of the relationship between disarmament and development. As a democracy without armed forces, Costa Rica deplored the fact that ever-increasing resources worldwide were spent on military aims that otherwise could have assisted with development needs. It was illogical that, with increasing numbers succumbing to poverty in the economic crisis, the world was investing more in instruments of death and destruction. That belief would guide Costa Rica in the deliberations of the Second Committee.

21. Turning to the environmental crisis, manifested primarily in the dramatic evidence and effects of climate change, he said that mankind's future depended on what it now did or failed to do. The crisis of climate change brought with it the risk of losing humanity's sole common heritage, challenging the world to think in terms of an ecologically interdependent world community. As the Copenhagen Climate Change Conference approached, it was time to take the right decisions, which had been often postponed. Success would be possible with multilateral and global measures that were transparent, coordinated and credible, with specific plans of action and realistic verification arrangements, and programmes of

international cooperation that broke the cycle of inaction and disenchantment.

22. There was much to be done. Costa Rica, for example, with its valuable experience in the development of capacities and methodologies for the reduction of emissions due to deforestation, stood ready to make its contribution to efforts to establish a path of low-carbon development. That would require the establishment of instruments to allow countries to participate, by guaranteeing stable and adequate sources of financing.

23. **Mr. Khachab** (Lebanon) said that, with the current global food, energy and financial crises, with the threats of climate change, and with the persistence of violent conflicts, the spectre of poverty loomed over the world more threateningly than ever.

24. The magnitude and severity of the current international financial and economic crisis had challenged the world tremendously. In the advanced and developed countries, the crisis had been essentially a financial one. However, owing to the globalization of markets, the crisis had rapidly spread to the developing countries, affecting the real economy and in turn leading to a social crisis, which, if not addressed promptly, might lead to political unrest and turmoil.

25. In addition, the crisis was negatively impacting the financial and economic stability of developing countries, which were diverting resources originally earmarked for development to cope with the crisis. Their efforts towards the eradication of poverty and hunger and the achievement of the internationally agreed development goals, including the Millennium Development Goals, were being frustrated, along with their national development strategies and goals. Moreover, the financial and economic crisis had been further compounded by the food crisis, by the volatility in energy prices and by the adverse impacts of climate change.

26. A global stimulus package must be adopted in order to help developing countries recover economically; they could not be left to address the crisis alone. The developed countries must not go back on their commitments, but rather should increase their assistance by providing adequate and predictable financial resources, without conditionality.

27. The crisis had revealed the pressing need to reform the international financial and economic system in order to meet the realities and challenges of the twenty-first century. The Bretton Woods institutions, and particularly their governance structure, must be radically reformed in order to increase the voice and participation of developing countries in the process of decision-making and norm-setting.

28. A comprehensive approach to sustainable development, based on its three pillars of economic development, social development and protection of the environment, was more than ever a necessity. Implementation of the agreements reached in Rio de Janeiro in 1992 at the United Nations Conference on Environment and Development, and in Johannesburg in 2002 at the World Summit on Sustainable Development was even more relevant and urgent now than then.

29. Lebanon welcomed the offer by Brazil to host a summit on sustainable development in 2012 to review progress in the implementation of the Outcomes of those two important meetings. It also welcomed the FAO World Summit on Food Security, to be held in Rome in November, as an opportunity to discuss an integrated approach to food security that could allow comprehensive and durable solutions. Special attention should be given to the needs of Africa.

30. It was vital that the Copenhagen Climate Change Conference should reach a landmark agreement based on the principle of common but differentiated responsibilities. Lebanon urged the developed countries to undertake ambitious commitments for the period beyond 2012.

31. **Mr. Jgenti** (Georgia) said that at present the international community as a whole was facing one of the most difficult times in its history. Climate change and the ongoing financial crisis were threatening not only humanity's short-term goals, but its very existence. The need to find a solution was a matter of life or death. The time had come for the international community to do everything possible to end global warming once and for all, securing the future for generations to come.

32. Transition to a low-carbon economy would entail identification and application of policies targeting climate change, poverty eradication and economic competitiveness. Renewable energies, over and above their energy efficiency benefits, were crucial to halting climate change, and, as part of its efforts to combat climate change, Georgia was producing 85 per cent of its electricity from green and renewable sources.

33. The understanding of the global challenge and the determination to solve it, as expressed by world leaders during the Summit on Climate Change, were encouraging. It was imperative that the political agreement be transformed into an active negotiation process, enabling countries to reach a common position in Copenhagen. Climate change would also constitute a threat to global security: the increase in the frequency and intensity of droughts would escalate food security problems in countries which were already experiencing shortages of food and water, while world food demand was increasing rapidly owing to population growth. Unable to supply their populations with domestically produced food, many countries would increase their demand for food imports. The world market might not be able to satisfy the demand, which would strain relations between countries.

34. At the same time, the whole world realized that the current global economic crisis must be addressed urgently. Every country had been impacted by its negative effects, which showed once again that the international community would be able to overcome the crisis only by a collective effort, an effort that could be underpinned by the exchange of views among Member States in the Second Committee on how to prevent a recurrence.

35. It was imperative that the recovery, when it was eventually achieved, be sustainable. The international community should therefore direct its efforts towards creating more inclusive labour markets, effective labour policies, quality education and relevant training programmes.

36. **Mr. Martins** (Angola) observed that the global economy was grappling with an unprecedented financial and economic crisis. No one country or group of countries could isolate itself from the effects of the challenges, and the prospects for world economic recovery were still not clear. For that reason, Committee members must contribute to pivotal decisions to enable adaptation to and mitigation of the effects of the crisis. Those decisions must take into account the need to reach a global agreement on trade and to improve the levels of ODA and capital flows to developing countries. The Second Committee was particularly well placed to reaffirm the international community's resolve to cooperate in addressing the economic and financial challenges to development. The decisions and resolutions to be adopted in the coming weeks must translate countries' collective political will into policy recommendations on the full range of agenda items before the Committee. Angola urged all delegations to be bold, flexible and, most importantly, fully aware that in a globalized economy national policies often had transnational effects.

37. The global economic slowdown threatened to undo the progress made by developing countries towards achievement of the internationally agreed development goals, including the Millennium Development Goals. In the case of Angola, a country emerging from a long and destructive conflict, the collapse of commodity prices had reduced the country's ability to make critical investments in infrastructure, human development or the development of trade and productive capacities so necessary to consolidate the peace.

38. It was unacceptable that long-standing systemic fragilities and imbalances should continue to have negative impacts on development. The international community must pursue the reform of the international financial system, and the universal membership and legitimacy of the United Nations made it well placed to produce the necessary political impetus.

39. Angola was encouraged by the Outcome of the United Nations Conference on the World Financial and Economic Crisis and Its Impact on Development, and welcomed the international community's recognition of the need for a more coordinated and comprehensive response to mitigate the negative impact of the global financial crisis, in particular on the developing countries, and address the long-standing need for structural reform to prevent a recurrence of such economic turmoil.

40. Food security was an overriding concern of the African continent, owing to its importance to health, productivity, social and political stability and economic growth. Angola welcomed the convening of the World Summit on Food Security on 16 and 17 November 2009, expressing the hope that the Summit would translate political will into concrete actions to assist developing countries in implementing national food security plans and strategies.

41. Angola was certain that a rule-based, non-discriminatory and equitable trading system could contribute to the improvement of global food security, as could stable commodity prices, improved governance, enhanced participation of developing countries in international economic decision-making

and sustainable solutions to the problems of developing country debt. Angola stressed the urgent need for the international community to take effective measures to support developing countries in implementing their national plans for food security, through technology transfer, institutional capacity-building and technical assistance.

42. The global nature of climate change called for the widest possible cooperation among all countries in response, based on the principles of common but differentiated responsibilities, respective capabilities and national circumstances. Climate change had far-reaching consequences for the development prospects of developing countries, including effects on food security, national development plan and strategy implementation, and achievement of the internationally agreed development goals, including the Millennium Development Goals.

43. As a State Party to the United Nations Framework Convention on Climate Change and the Kyoto Protocol, Angola was committed to its full implementation and looked forward to the successful completion of the negotiations on a second commitment period. Any emissions regime to be agreed must take into account the needs of the developing countries, particularly with regard to access to technology and financial assistance for adapting to climate change and developing competitive green economies. Angola urged developed countries to undertake ambitious commitments for the period beyond 2012.

44. **Mr. Seif Ali Iddi** (United Republic of Tanzania) said that the economic recession in the developed world had been affecting the Tanzanian economy in a number of ways. Even the claimed economic recovery in the developed countries would take a long while to register in small economies such as that of the United Republic of Tanzania. Macroeconomic projections and policy targets for the period 2009-2012 indicated that real GDP growth was expected to drop from 7.4 per cent in 2008 to 5.0 per cent in 2009 and to begin to recover in 2010. While his Government appealed for support for its efforts to deal with the crisis, it also remained cognizant of its responsibility to do whatever was in its power to cope with its effects, by taking measures such as stepping up regular supervision of the banking system, establishing an early warning system, using selected indicators of financial sector performance to monitor developments on a daily basis and continuing reforms focused on risk management in the country's financial sector as a whole.

45. The various measures taken by his country to cope with the impact of the crisis had meant that, despite the global liquidity squeeze, overall confidence in the country's financial sector had remained strong, which had allowed the domestic financial markets and payment systems to continue functioning. As a result of those efforts, all indicators of financial sector stability, including capital adequacy and liquidity ratios, had remained strong. Notwithstanding the effects of the recent global financial crisis, there continued to be robust growth in credit provided to the private sector. During the first 10 months of fiscal 2008/09, credit provided by the commercial banks to the private sector recorded an average growth rate of 38.9 per cent, higher than the initial target of 30.5 per cent but slightly lower than the revised target of 39.8 per cent that had been set in order to finance the anticipated 7.5 per cent real GDP growth for 2008-2009. The United Republic of Tanzania thanked its partners for their help so far and requested their continued support in addressing the multiple crises facing the country.

46. The impact of the financial crisis and economic slowdown on the ability of developing countries to gain access to the financing necessary for their development objectives made it clear that they were at risk of very serious setbacks to their development objectives, in particular their achievement of the internationally agreed development goals, including the Millennium Development Goals.

47. Most developing countries had undertaken economic and governance reforms inspired by the Millennium Declaration of 2000 and agreed in the Monterrey Consensus of 2002. However, the multiple crises facing those countries had been threatening the success they had achieved in a number of areas including employment, education, poverty reduction and child and maternal health. The review of the Millennium Development Goals in 2010 should take into account the challenges facing poor countries such as his own in meeting targets, as the multiple crises had by implication moved the target date beyond 2015. The United Nations system must recognize the importance of promoting full employment and decent work for all, the theme of the Second United Nations Decade for the Eradication of Poverty. It was essential that sufficient jobs be created to accommodate the growing

population as well as those who remained unemployed and underemployed.

48. As one of eight countries that had volunteered to pilot the One UN initiative, the United Republic of Tanzania supported the United Nations reforms and believed that the sixty-third session of the General Assembly had provided supplementary information that had been helpful to delegations. His delegation urged Member States to give a chance to those reforms in order to make headway at the sixty-fourth session. It should be noted that, while there was a need to package all the issues under the single undertaking on United Nations reform, care should be taken to avoid a situation in which the perfect became the enemy of the good.

49. His country had been taking measures to invest in the agricultural sector, but needed to do so on a larger scale. The Government had decided to continue its concentration on the agriculture sector with a view to addressing domestic and international demand for food, and had been putting in place best modalities to enable peasants and farmers to participate fully in productive and sustainable agriculture, create agro-businesses and develop markets.

50. The volatility of commodity prices, exacerbated by the economic and financial crisis, was a matter of great concern to least developed countries. In combination with the slowdown of the negotiations on the Doha Development Round, and the fact that the food and energy crises had been depleting the financial reserves of developing countries, the economic prospects of countries such as his own were left in a perilous state.

51. The current system of debt repayment was quite unfair. Countries found themselves indebted not through their own volition but rather because of the recycling of old debt that had been taken on in the absence of a debt sustainability framework. The Heavily Indebted Poor Countries Initiative and the Multilateral Debt Restructuring Initiative might not go far enough to relieve the external debt of the United Republic of Tanzania.

52. His country's debt situation mirrored that of many other sub-Saharan African countries that had qualified for relief: initially, there had been a substantial lowering of debt, but the relief had been only temporary, because the country had to continue to borrow to address its development needs while ensuring repayment of existing debt. The international community should resume the discussion of the cancellation of old debts.

The meeting rose at 4.50 p.m.

United Nations A/C.2/64/SR.8

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Second Committee

Summary record of the 8th meeting
Held at Headquarters, New York, on Monday, 12 October 2009, at 3 p.m.

Chairperson: Mr. García González (Vice-Chairperson) ..... (El Salvador)

Contents

Agenda item 51: Macroeconomic policy questions

(b) International financial system and development

(c) External debt and development: towards a durable solution to the debt problems of developing countries

(d) Commodities

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09-55353 (E)

Please recycle

In the absence of Mr. Park In-kook (Republic of Korea), Mr. García González (El Salvador), Vice-Chairperson, took the Chair.

The meeting was called to order at 3.20 p.m.

Agenda item 51: Macroeconomic policy questions (A/64/81 and A/64/65)

(b) International financial system and development (A/64/178)

(c) External debt and development: towards a durable solution to the debt problems of developing countries (A/64/167)

(d) Commodities (A/64/184)

1. **Mr. Trepelkov** (Acting Director of the Financing for Development Office, Department of Economic and Social Affairs), introducing the report of the Secretary-General entitled "International financial system and development" (A/64/178), said that the transfer of financial resources from developing to developed countries, which had reached a record total of $828 billion in 2008, was expected to decline in 2009 to $448 billion. That decline was due to collapsing demand, employment and income in developing and developed countries alike, spawned by the current financial and economic crisis. In the wake of that crisis and as external financing costs had soared, net private capital flows to developing countries and countries with economies in transition had dropped by more than 50 per cent in 2008, from a peak level of more than $1 trillion in 2007, and were expected to decline by a further 50 per cent in 2009. It was also feared that the crisis might lead to decreases in the volumes of official development assistance (ODA), including aid for trade, thereby placing a dangerous added burden on developing countries and undermining progress towards the Millennium Development Goals (MDGs).

2. There was a shared intention to reshape regulatory systems in order to strengthen the international financial architecture; however, the success of such reforms depended largely on significantly enhanced international cooperation among regulators. New international mechanisms needed to be established in the coming years to coordinate regulation, minimize conflicting standards and enforce arrangements. It was also essential to ensure multilateral surveillance in order to reduce global imbalances; that could be achieved only if key countries adopted a coordinated approach to fiscal and monetary policy with the aim of shifting aggregate demand from deficit to surplus countries. Other concerns were policy coordination against the backdrop of ongoing governance reforms in the international financial institutions and the development of orderly and cooperative strategies for the withdrawal of government support for financial institutions as the world economy improved.

3. In addition, despite positive changes in multilateral lending facilities, there was room for further innovation in how official liquidity was deployed. Instruments for broad-based precautionary financing needed to be further enhanced, and lending by the International Monetary Fund (IMF) to low-income countries should be more flexible. The World Bank and the IMF were reviewing in that connection the Debt Sustainability Network, which needed to take each country's circumstances into account while still performing its role in preventing a re-accumulation of unsustainable debt burdens.

4. The crisis had highlighted the deficiencies of the current international monetary arrangements, based essentially on the United States dollar, and had revived discussions on an international reserve currency. The international community should seize the opportunity to improve the international monetary system, including by broadening existing Special Drawing Rights arrangements, which might eventually evolve into a new and widely accepted world reserve currency. Last but not least, global economic governance issues must be addressed as a prerequisite for all other changes in the international financial architecture. The next round of reforms of the international financial institutions must therefore aim at giving them a more representative, responsive and accountable governance, reflecting the realities of the twenty-first century, in particular by increasing the quota shares of developing and transition countries in IMF and the World Bank.

5. **Ms. Li** Yuefen (United Nations Conference on Trade and Development (UNCTAD)), introducing the report of the Secretary-General entitled "Towards a durable solution to the debt problems of developing countries" (A/64/167), said that the financial and economic crisis had had the effect of reversing progress towards the MDGs; it was expected to push some 90 million more people into extreme poverty by the end of 2010. Economic growth had slowed worldwide, with a resulting drop in average per capita

income and decreasing debt sustainability: debt servicing cost more because of the depreciation of developing countries' currencies. For those reasons, as well as the continuing decline in net private capital flows to developing countries, many of those countries were expected to issue public debt; there was also a likelihood of tighter monetary policy, with higher interest rates.

6. Low-income countries had been hard hit by the crisis: according to The Least Developed Countries Report, 2009 prepared by UNCTAD, the debt burden remained unsustainably high in most of them. At a time when export earnings were falling, that was dangerous and gave greater leverage to the banking system, making those countries vulnerable to systemic banking crises. Moreover, it was difficult for them to maintain debt sustainability in the face of growing fiscal pressures.

7. The report of the Secretary-General (A/64/167) highlighted the problem of private external debt and its vulnerabilities. Over the previous 15 years, private firms and banks had been drawing increasing amounts of finance from international markets, resulting in a steep rise in the share of external long-term debt owed by private borrowers. Since mid-2008, several Eastern European and Central Asian countries had accessed IMF facilities and many more had received support from the European Union; however, the measures taken so far might not suffice to restore market confidence. Without substantial financial assistance, more countries would face insolvency and not be able to benefit from the imminent process of recovery.

8. There was a need for a temporary debt moratorium on official debt for poor countries. Like an increase in ODA, that would benefit all countries: scarce foreign exchange earnings could be used to buy imports rather than to service debt. Moreover, increased ODA for low-income countries would entail an international coordinated effort; that would also provide an element of greater countercyclical stimulus to global demand. The fulfilment of existing commitments to increase aid and its effectiveness could help poor and debt-distressed countries to surmount a crisis that was not of their making but whose effects they were suffering because they had not followed good policies.

9. Introducing the UNCTAD report on world commodity trends and prospects (A/64/184), she said that the global economic and financial crisis had triggered a dramatic downward spiral in commodity prices. The report examined the root causes of the recent commodity price boom and bust and the role of market fundamentals and non-fundamentals in the dynamics of commodity prices. There was strong evidence that excessive speculation in the commodities market played a critical role in the volatility of prices. For that reason, there was a need to apply an appropriate combination of regulatory and market instruments to achieve greater stability in commodity markets. Instability in those markets would cause commodity-dependent developing countries and transition countries to continue to be subject to extreme terms-of-trade fluctuations, thus diminishing their capacity to participate effectively in commodity supply chains and diversify their production and export base. At the same time, major improvements were called for in the management and organization of commodity sectors at the national level, particularly with a view to global energy and food security and sustainable development.

10. Excessive speculation on commodity markets had been a critical factor in recent price volatility, especially in food crops, and there was an overwhelming need for better regulation of all commodity futures markets. However, there were also structural factors affecting the global commodity economy. The fall in commodities trade was the result not only of cyclical downturn but also of related protectionist measures, which were likely to persist if there were a further long delay in concluding the Doha Development Round.

11. The current momentum for change needed to be harnessed in order to promote the social and economic development of the more than 90 countries that depended on primary commodities for the bulk of their exports. That would imply major shifts in policy paradigms and improvements to the institutional arrangements for cooperation between commodity-exporting and commodity-importing countries, a greater role for commodity-dependent developing countries and more active participation by the corporate sector in the emerging cooperative frameworks.

12. **The Chairperson** invited the Committee to engage in a general discussion on the item.

13. **Ms. Osman** (Sudan), speaking on behalf of the Group of 77 and China, said that all aspects of the unprecedented ongoing crisis must be analysed with a view to reforming the international financial system and architecture, mitigating its impacts and preventing its recurrence. Its main causes lay in the fragilities and inequalities affecting the current international economic order, particularly lack of multilateral surveillance and early warning systems, over-reliance on market self-regulation and insufficient emphasis on ethical and equitable human development. Above all, the unfolding crisis had demonstrated the need for a robust and more focused role of the State in the economy and in the formulation and implementation of social policies and for a substantive and comprehensive reform of the mandates, scope and governance of the international financial institutions. The governance structures of the Bretton Woods institutions, in particular, which suffered from a democratic deficit, should be based on the full and fair representation of developing countries so as to enhance their legitimacy. The reforms must reflect current realities and ensure the full voice and participation of developing countries in the decision-making and norm-setting process of those institutions. In that context, it was imperative to promote an open, inclusive and transparent discussion for a new international economic and financial system and architecture.

14. The crisis had also impaired the growth prospects of developing countries, which found it difficult to secure much-needed foreign investment and financing. Many might have to choose between investing in social programmes or servicing their external debt. Without international support, developing countries might face another debt crisis in the coming years; they needed additional substantial resources in order to achieve their development goals; they should not be denied the right to resort to debt standstills, as called for by the Secretary-General in his report (A/64/167). A debt moratorium could be part of a multifaceted approach that would also involve a reassessment of eligibility criteria for the Heavily Indebted Poor Countries (HIPC) Initiative and of the current situation of HIPC countries. Debt sustainability should not be seen simply in terms of the capacity for continued debt servicing, since increases in the costs of such servicing meant less availability of funds for fighting poverty. The Group of 77 and China called again for the establishment of an international mechanism for sovereign debt and for debt standstill and restructuring.

15. Turning to the question of commodities, she said that the failure to address the causes of commodity price volatility was a particular concern at a time when developing countries and economies in transition needed to expand agricultural production in the interests of food security. Any successful food security strategy must involve stronger institutions with better accountability, stability of global markets, enhanced market access for agricultural products from developing countries, elimination of subsidies by developed countries, sustainable investments in agricultural production and research and targeted support to the advancement of the agricultural sector in developing countries. The Group of 77 and China accordingly called for policy actions, including a global regulatory framework, to address excessive price volatility and international support for increased investments in infrastructure and social services in order to promote agricultural development and enhance commodity diversification with a view to better integration of low-income commodity-dependent countries into global commodity supply chains.

16. **Mr. Fries** (Sweden), speaking on behalf of the European Union; the candidate countries Croatia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process countries Albania, Bosnia and Herzegovina, Montenegro and Serbia; and, in addition, Georgia, the Republic of Moldova and Ukraine, said that the European Union fully supported the global initiatives, including the policy framework launched by the Group of Twenty (G-20), to address the interconnected challenges currently facing the world. Global challenges required global responses. A global partnership within the international community, based on the Monterrey Consensus, should accordingly work towards the internationally agreed development goals, including the MDGs, the achievement of which was currently at risk. The European Union reiterated its firm commitment to the Monterrey Consensus and welcomed the steps recently agreed by the Economic and Social Council to strengthen the follow-up process. It would step up its efforts to help countries to assume primary responsibility for their own development, in accordance with the Monterrey principles, particularly by partnering them in their efforts to strengthen public financial management and tax and customs systems and to create an enabling business environment. In that context, he expressed support for the expansion of the Global Forum of the Organisation for Economic

Co-operation and Development on Transparency and Exchange of Information, involving the participation of developing countries. Moreover, as private flows of resources to developing countries were expected to decline in 2009, all countries should take measures to facilitate them, including through increased domestic resource mobilization, and by reducing the cost and improving the safety of remittance flows.

17. On the subject of international trade, the European Union remained fully committed to swiftly reaching an ambitious, balanced and comprehensive Doha Development Round Agreement, which should be of real value for developing countries, particularly the poorest, and also contribute significantly to recovery from the current economic turbulence. The European Union called on all countries to provide, where possible, duty-free and quota-free market access for least developed countries, on the lines of the Everything but Arms initiative, and remained committed to implementing its 2007 Strategy on Aid for Trade. It likewise reaffirmed all its ODA commitments, while giving high priority to improving the effectiveness of its aid and attaching importance to the further development and implementation of innovative sources of financing.

18. On the subject of action to address climate change in developing countries, existing instruments and institutions should be built upon, so far as possible, in order to provide the financing mechanisms needed to deliver the scale of finance required. The European Union remained committed to contributing its fair share of scaled-up international public support for such action, which should also draw on other sources such as domestic finance and carbon market-based financing.

19. The European Union continued to support existing debt relief initiatives and to apply in its lending decisions the Debt Sustainability Framework; it also supported the Evian approach of the Paris Club, as well as discussions on enhanced forms of sovereign debt restructuring mechanisms, based on existing frameworks and principles. It recognized the need to improve global economic governance and the functioning of the international financial system and welcomed and supported recent initiatives and reforms to that end, including a merit-based and transparent process of selection for the head and senior management of IMF and the World Bank.

20. **Mr. Natalegawa** (Indonesia), speaking on behalf of the Association of Southeast Asian Nations (ASEAN), said that, at a time of incipient global economic recovery, continuing measures to achieve sustainable levels of economic growth were needed to nurse the global economy back to full health. It was also important to find the right time and way to implement exit strategies from a government-stimulus-driven economy and to put in place policies and measures to prevent any recurrence of the recent crisis. The United Nations had played a significant role in the collective effort to address that crisis, as had such bodies as the G-20. It was however critical for the G-20 to strengthen institutional links with non-members of the group, in particular through the involvement of regional bodies, such as ASEAN. He expressed the hope that such involvement, which had already marked the G-20 meetings in London and Pittsburgh, would continue and be formalized as a standing arrangement.

21. It was important for ASEAN that its work should contribute to the global effort to strengthen and reform the international financial system, in particular the financial regulatory framework, and to enhance governance of international financial institutions. Continued vigilance was also needed to ensure that the increasing debt incurred by developing countries in their efforts to resuscitate their economies would not lead them into a debt crisis. The current crisis had strengthened the resolve of ASEAN to continue its efforts to build a politically cohesive, economically integrated and socially responsible community. Its members were continuing to strengthen the institutional mechanisms established under the ASEAN Charter and were working to make the Association the economic centre of East Asia. The Association was also taking measures to promote economic and financial stability, in particular by improving macroeconomic cooperation, standing firm against protectionism; and, in the context of ASEAN+3, strengthening the regional self-help financing mechanism under the Chiang Mai Initiative Multilateralization and developing a regional surveillance mechanism to monitor and analyse regional economies and support the CMIM decision-making process.

22. ASEAN members were currently focusing on attaining the MDGs by the 2015 target date. They had accordingly adopted a Joint Declaration on the subject, on 1 March 2009, outlining a number of key areas of

action. They were greatly concerned about the continued impasse in the Doha Round, since the outcome would open new markets, especially for developing countries. Responsibility for delivering an outcome rested essentially with the major players, who needed now to demonstrate resolve and leadership.

23. **Ms. Critchlow** (Guyana), speaking on behalf of the member States of the Caribbean Community (CARICOM), said that her region faced particular challenges, such as balancing growth and social equality, reducing indebtedness and building resistance to natural disasters. Those challenges had been intensified by the economic crisis. There was little prospect of recovery before the end of 2011, and it was not clear that the actions taken by the leading economies had worked. The fact that the causes of the crisis had yet to be fully acknowledged could lead to avoidance of responsibility and set the stage for a recurrence.

24. The small countries of the Caribbean had no capacity to respond with countercyclical measures. To provide assistance to countries hit by external shocks, the international community must relieve the debt of small economies, including those not previously considered for debt relief because of their income level.

25. The G-20 must take into account the concerns of small, highly indebted economies that were overlooked because they were classified as middle-income countries. In fact, such countries had high levels of poverty, and debt and were dependent on commodity exports. A coherent and supportive international macroeconomic framework was necessary to achieve development goals.

26. A level playing field with respect to the treatment of offshore tax jurisdiction was of particular importance. Unilateral actions could damage the financial services sector of CARICOM member States. CARICOM would remain in the vanguard of efforts to strengthen the United Nations Committee of Experts on International Cooperation in Tax Matters.

27. The international financial institutions must be reformed and made relevant to current circumstances. It was their role to prevent systemic crises, preserve financial stability and provide an early warning system. Many heavily indebted countries had had to resort to commercial borrowing. Greater access to stable financing sources was necessary. It was increasingly difficult for middle-income States to find adequate financing on concessionary terms. Any reduction in climate change commitments could convey the signal that the issue could be addressed only during times of prosperity.

28. **Mr. Adler** (Canada), speaking also on behalf of Australia and New Zealand, said that recovery from the economic crisis was fragile. Mobilization of resources for development must continue. Australia, Canada and New Zealand were increasing their support to the international financial institutions and multilateral development banks. There should also be efforts towards more effective governance and a strong focus on the most vulnerable.

29. In response to recent volatility in commodity prices, Canada had announced the doubling of its support to sustainable agricultural development, with an additional commitment of 600 million United States dollars over three years. Australia had committed 464 million dollars. Canada was committed to liberalizing trade and combating protectionism and had worked to reduce trade barriers.

30. Countries, including middle-income ones, must continue to receive help in managing their debt levels, for example, through the HIPC Initiative, capacity-building and technical assistance.

31. **Mr. Aguiar Patriota** (Brazil) said that it would be dangerous to become too optimistic about the economy. Most of the bailout money had come out of public funds or had generated public debt. It had been transferred to the same private corporations responsible for the crisis, with fewer conditions than were imposed on developing countries struggling for credit. It was not clear whether a failure at the heart of the economy had been remedied or whether irresponsible speculators had simply been granted the opportunity to continue their unregulated activities. The crisis would be overcome only through broad-based countercyclical policies and a jobs-intensive recovery. Financial market regulation remained fundamentally flawed, and developing countries were underrepresented in the international financial institutions.

32. Developing countries faced a large financing gap over the next several years. A durable solution to the external debt problem must be found which encompassed developing countries, including middle-income countries, which had been outside the scope of previous initiatives.

33. The crisis had pushed 100 million people into poverty and hunger. For the first time, the number of hungry people in the world exceeded 1 billion. Without additional international support, it would be very difficult for many developing countries to meet the Millennium Development Goals.

34. **Mr. Gutiérrez** (Peru) said that the outcomes of the mechanisms established to monitor the handling of the international economic crisis must be taken into consideration and incorporated into the deliberations of the Group of Eight (G-8) and the G-20. The situation of middle-income developing countries required attention. The situation of low-income countries facing difficulties in servicing their external debt must also be addressed, and responsible lending and borrowing should be promoted.

35. The export capacity of developing countries had been seriously affected by the current price instability and by reduced demand in international markets. There was a need to supplement domestic policies with fairer rules, within a framework of multilateral and regional coordination.

36. **Mr. Sammis** (United States of America) said that, thanks to swift and decisive actions, there were clear signs that the world economy was on the mend. A year ago the very real possibility of another Great Depression had been discussed, while today it was clear that the world had stepped back from the brink of economic collapse. The United States had taken unprecedented steps to restore growth, boost employment and repair the domestic financial system. Congress had passed a fiscal stimulus package that was equivalent to 2 per cent of gross domestic product (GDP) in 2009 and 2.5 per cent of GDP in 2010.

37. World leaders had mobilized over 1 trillion United States dollars to support the global recovery. IMF and the development banks had made significant funds available to developing countries to help them weather the storm. World leaders were tackling the root causes of the crisis and strengthening oversight, increasing transparency, improving risk management and taking other measures to transform the global financial system.

38. However, it was too soon to declare victory. Countries must draw back from their fiscal stimulus packages at the right time, and with a clear plan. The international community must continue to ensure support to the world's poorest countries. There were intensified discussions in many forums on achieving strong, sustainable growth, encompassing such topics as food security, global health and climate change.

39. **Mr. Li** Kexin (China) said that, in reforming the international financial system, the primary focus should be on enhancing the representation of developing countries. At the G-20 Summit held in Pittsburgh in September, leaders had committed to increasing the voting power and quota share of developing countries in the World Bank and IMF. The recent positive response from those institutions was welcome. Selection of their leaders should follow the principles of transparency and merit, and the two institutions should take concrete measures to increase the numbers of staff from developing countries, especially at the middle and senior management levels.

40. The financial crisis had eroded the capacity of the developing countries to service their debt. Solving the debt problem was a prerequisite for helping developing countries eliminate poverty and achieve the Millennium Development Goals. The international community should provide genuine help to developing countries so that they could break the vicious debt cycle and achieve economic development. Assistance and debt relief initiatives should respect the leading role of the recipient countries.

41. Recently, wild fluctuations in commodity prices had presented a great challenge to the economic growth of developing countries, both exporters and importers of commodities. The international community should reinforce policy coordination and financial monitoring and should curb commodity market speculation in order to limit fluctuation in commodity prices.

42. **Mr. Al-Fayez** (Saudi Arabia) said that his country had done much to create an investment climate which attracted capital and to reach out to developing countries. The country had received high marks from the International Finance Corporation in the area of competitive business performance environment and investment and had implemented economic liberalization policies. Despite a drop in world oil prices, the Government had been able to support the economy through increased expenditure in the private sector. Expenditures on infrastructure would also increase. A new monetary policy would provide more financial liquidity to banks, cut interest rates and improve the organization of banking credit.

43. Saudi Arabia had provided grants for some development projects in other countries and to fight poverty. It had contributed to IMF initiatives to provide debt reduction for poor countries, and had rescheduled loans and written off some debts owed by developing countries.

44. **Mr. Saif-ud-Din Soz** (India) said that efforts to revive the economy had borne fruit and should not be halted prematurely. While India had been affected by the crisis, its economy was resilient, and robust growth was expected to resume shortly. However, many developing countries needed assistance. It was heartening that the trend towards a reduction in ODA had been reversed in 2008. The crisis must not lead to a reduction in aid disbursements.

45. The crisis had caused a fall in exports from developing countries, with an adverse impact on employment and growth. To balance that, India advocated increased infrastructure investment in developing countries. The international financial institutions must encourage growth-oriented investment. Regional development banks must receive an expansion in their capital base to perform that role.

46. The shortcomings of the commodity market must be addressed by eliminating agricultural subsidies by developed countries and improving regulation of speculative activities. Although the total external debt of developing countries had decreased in 2008, there were severe disparities among countries and the situation of some countries had worsened. Special measures should be considered.

47. Protectionist tendencies must be avoided. International governance structures were in need of reform, and there should be an initial 7 per cent transfer in IMF quotas to developing countries. The developing world must participate fully and effectively in the global financial and economic architecture.

48. **Mr. Murakami** (Japan) said that deliberations on the economic crisis in the G-8, the G-20 and the United Nations should be mutually reinforcing. It was important to keep sight of the human faces behind the crisis and adopt measures focused on people, to protect and empower them. Japan was making every effort to return its economy to stability by implementing the necessary fiscal and monetary policies.

49. The financial resources of IMF must be expanded in order to strengthen its capacity to cope with the crisis and prevent a recurrence. Its legitimacy and effectiveness were crucial. In that context, the quota review process must be accelerated.

50. The sovereign debt situation of developing countries had improved significantly. However, there was a risk that the economic crisis could undo the work of many years, as well as gains regarding the debt of developing countries. Vigilance in regard to debt sustainability was needed. Responsible borrowing and lending practices should be promoted. All creditors should contribute their fair share of debt relief and become involved in the international debt resolution mechanisms.

51. **Ms. Wu** Ye-Min (Singapore) said that, while the decisive actions of the G-20 had helped to avert an economic depression, better coordination was needed between the G-20 and the United Nations. For the G-20 to achieve greater legitimacy, a variable geometry approach was called for. That would allow small and medium-sized States to have a voice at G-20 meetings on issues of particular concern to them. There could be different groups of participants for different subjects.

52. Singapore applauded the inclusion of regional organizations such as the New Partnership for Africa's Development and the Association of Southeast Asian Nations at the Pittsburgh Summit, as well as the inclusion of the Secretary-General of the United Nations. A consultation meeting prior to the Pittsburgh Summit had been initiated by the United States to solicit feedback from G-20 and non-G-20 countries in the Asian-Pacific region on the agenda and objectives of the Summit.

53. However, the G-20 must be even more representative. Hosts of G-20 Summits might consider consulting all States Members of the United Nations before Summits and providing updates after the meetings. The G-20 had taken critical decisions to tackle the financial crisis, but what it decided could not be assumed to be what the world had agreed to. The United Nations might consider whether to welcome or endorse decisions by the G-20. Singapore endorsed the G-20 agreement not to raise new trade barriers.

54. **Mr. Maksimychev** (Russian Federation) said that further delay in establishing reliable international financial and economic regulation mechanisms was not acceptable. Building on the Doha Declaration on Financing for Development, the decisions of the United Nations Conference on the World Financial and

Economic Crisis and Its Impact on Development and the communiqués of the G-20 Summits, the Second Committee should work to develop common approaches to future discussions on concrete aspects of the reform of the international financial system. First of all, it should search for the best possible adjustment mechanisms to deal with global financial and economic imbalances.

55. Artificial limits on capital flows would not be helpful. A new international financial architecture should include an automatic stabilization system. That could be facilitated by an agreement to promote debt instruments denominated in the currencies of developing countries and increased lending to developing countries in their national currencies, as well as an increase in the use of currency swap operations among national central banks. That would reduce the need to accumulate large gold and currency reserves and would redress the global imbalance. Reserve and regional currencies could also be used for international settlement. That would require certain economic and financial prerequisites and sound monetary policy by the issuing countries.

56. The contribution of the Russian Federation to debt workouts for developing countries was well known. It had the highest contribution, as a proportion of GDP, of all donors. There must be an effective mechanism to ensure the long-term debt sustainability of low-income countries whose heavy debt burden undermined their pursuit of efficient monetary and fiscal policy and their ability to withstand the economic crisis and engage in development.

57. An advocate of the establishment of stable commodity markets and enhancement of the commodity export capacity of the developing and least developed countries, the Russian Federation had, in 2008, made a significant contribution to development projects involving every phase of the production chain. Since 2007, it had been a full member of the International Grains Council and had contributed to global food security. The World Grain Forum in St. Petersburg in June 2009 had discussed the creation of a system for managing global food reserves, harmonizing world grain market prices and establishing adequate infrastructure for grain storage and transportation, inter alia. The Russian Federation had also hosted the seventy-ninth session of the International Cocoa Council in Moscow in June 2009, which had devoted much attention to ensuring balance on the world cocoa market and promoting production methods which were consistent with social, economic and ecological requirements.

58. **Mr. Benfreha** (Algeria) said that the ongoing crisis had originated in the developed countries and was rooted in the policy premises of the global financial and economic system. It was due to a failure of macroeconomic management and to blind faith in a deregulated financial market. The current system of global economic governance was not equal to present-day challenges; inclusive, transparent, regulated financial and monetary systems were called for. Durable recovery could be ensured only through a sound global policy, which should be the concern of the entire international community, irrespective of country size.

59. Algeria continued to call for equitable representation in the Bretton Woods institutions, which meant increasing the voice and participation of developing countries in their decision-making processes. His delegation therefore welcomed the increase in the quota shares of developing countries in IMF. There also needed to be short-term and long-term provision of liquidity by the international financial institutions in order to promote socio-economic development and a focus on systemic linkages between the global financial and trade systems. Moreover, in the same constructive spirit, some of the stimulus funds for the recovery of the international community should serve to meet vital needs in the most vulnerable developing countries.

60. The global crisis had slowed or even reversed efforts to combat poverty and hunger, particularly in Africa. The international community should nevertheless respect its commitments and strive all the more keenly to support the special needs of Africa and thereby mitigate the multidimensional impacts of the crisis on that continent; additional financial support should also be provided to help African countries balance their national budgets. The achievement of the internationally agreed development goals, including the MDGs, should remain a development priority for the United Nations.

The meeting rose at 6.20 p.m.

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Chairperson: Mr. García González (Vice-Chairperson) ..... (El Salvador)

Contents

Agenda item 51: Macroeconomic policy questions (*continued*)

(b) International financial system and development (*continued*)

(c) External debt crisis and development: towards a durable solution to the debt problems of developing countries (*continued*)

(d) Commodities (*continued*)

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In the absence of Mr. Park In-kook (Republic of Korea), Mr. García González (El Salvador), Vice-Chairperson, took the Chair.

The meeting was called to order at 3.05 p.m.

Agenda item 51: Macroeconomic policy questions (*continued*) (A/64/65 and A/64/81)

(b) International financial system and development (*continued*) (A/64/178)

(c) External debt crisis and development: towards a durable solution to the debt problems of developing countries (*continued*) (A/64/167)

(d) Commodities (*continued*) (A/64/184)

1. **Mr. Nhleko** (Swaziland), speaking on behalf of the Southern African Development Community (SADC), said that in his region, the drop in export commodity prices had resulted in a loss of foreign exchange, deteriorating current account balances, declining reserves and a reduction in Government revenues. Developing countries were particularly vulnerable to economic volatility because many were highly dependent on primary commodity exports for income.

2. The shortage of export revenues and foreign finance, compounded by slower growth, was hampering the earlier advances made by SADC countries towards the achievement of the Millennium Development Goals (MDGs). The average gross domestic product (GDP) growth rate of African countries was now projected to fall to less than half the pre-crisis rate.

3. The crisis had demonstrated the urgent need for a complete overhaul of the international financial institutions. Timely and fundamental reforms, overseen by the United Nations, were therefore essential to increase the credibility and accountability of those institutions and to ensure fair globalization. Such reforms must reflect current realities and should enhance the participation of dynamic emerging markets and developing countries.

4. In that context, the SADC countries encouraged the accelerated implementation of the package of quota and voice reforms for the International Monetary Fund (IMF) agreed in April 2008. They also emphasized the need for a reformed World Bank with the requisite technical capacities, credit facilities and financial resources to assist developing countries in meeting their development needs.

5. The SADC region supported measures to enhance the financial and lending capacity of regional development banks. It also recognized the importance of other regional, interregional and subregional economic initiatives in the promotion of development, cooperation and solidarity.

6. While the international financial architecture should ensure greater financial stability, it should also create the conditions for sustainable development, full and decent employment, more effective investment, better technology policies and financial inclusion at both national and international levels. In short, the international community should establish institutions and architecture commensurate with the interrelated challenges ahead.

7. **Mr. Heller** (Mexico), speaking on behalf of the Rio Group, said that collective action and urgent reforms were required to overcome the current economic and financial crisis, which had stemmed from structural imbalances in the economies of developed countries and deep flaws in the international financial and economic system. The scale of the crisis had demonstrated the disproportionate influence of the financial sector and hence the need for adequate regulation. It had also shown that States must play a more robust role in the formulation and implementation of both economic and social policies.

8. While the crisis posed diverse challenges to the Rio Group countries, it was also threatening their overall ability to achieve the internationally agreed development goals, including the MDGs. The international donor community must therefore provide the additional financial support necessary, including sufficient official development assistance (ODA), to enable all developing countries to meet the grave socio-economic challenges before them. Special attention must be paid to enabling the middle-income countries to enable them to consolidate the progress made, and to assisting the low-income and least developed countries.

9. International cooperation should focus on strengthening the regulation and supervision of all financial institutions, instruments and markets with a view to improving the overall transparency and accountability of the international financial system. International cooperation and international credit schemes should also take account of the national priorities and development plans of developing countries.

10. Furthermore, decisive and efficient measures should be taken at all levels to prevent speculation in commodity markets, particularly in food commodities, and the various obstacles to market access for agricultural products from developing countries must be removed.

11. The member States of the Rio Group would continue working to strengthen South-South and triangular cooperation.

12. **Mr. Benfreha** (Algeria), speaking on behalf of the African Group, said that the international food and financial crises were significantly reducing the progress made by African countries to achieve the internationally agreed development goals, including the MDGs. The volatility of commodity prices was a matter of particular concern to the African Group. Demand for African commodities was falling, capital flows were declining and the promised increase in aid had not materialized. That situation would limit the ability of African countries to combat poverty, promote education and provide social safety nets. The international community must therefore provide substantial additional financial resources to help African countries mitigate the multiple adverse impacts on the African continent.

13. The Group continued to call for a greater voice in the international financial institutions, and noted the urgent need for a substantive effort to tackle key issues of immediate concern to African countries. It also stressed that a successful conclusion of the Doha Development Round should provide increased opportunities for African countries to use trade as an engine for growth and development and welcomed all measures designed to expand Aid for Trade and duty-free and quota-free access for developing countries, particularly in Africa.

14. The current economic and financial crisis was jeopardizing the achievement already attained under existing debt relief initiatives, which would make it extremely difficult for African countries to eradicate their long-term debts. Consultations on debt sustainability should therefore be resumed in order to remedy that situation.

15. African economies continued to be highly dependent on the export of primary commodities. However, weaker demand for commodities and market volatility caused by the current economic crisis were adversely affecting food prices, thereby causing food security concerns for Africa. Concerted efforts would therefore also be required to address that situation.

16. **Mr. Matwang'a** (Kenya) said that the global financial crisis, which had exposed the shortcomings inherent in the international financial system, was impeding the progress of developing countries towards the internationally agreed development goals, including the MDGs. All countries, particularly developing ones, therefore needed assistance in undertaking strong macroeconomic reforms to get back on track.

17. The international financial system required fundamental reform in order to address its systemic and structural weaknesses. In that respect, his delegation supported the swift implementation of the international financial architecture reform proposed, inter alia, at the Conference on the World Financial and Economic Crisis and Its Impact on Development and at the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus. Priority should be attached to the international cooperation on financial regulation, multilateral surveillance and policy coordination, the lending and resource capacities of IMF, the international system of payments and reserves, and governance and reform of the Bretton Woods institutions.

18. The international community must also take urgent measures to address the challenges associated with international trade, given its critical role in fostering economic development. In particular, his delegation called on all countries to avoid trade-distorting policies, including harmful subsidies, tariffs and non-tariff measures. The speedy and successful conclusion of the Doha Development Round was therefore more crucial than ever.

19. Donor and recipient countries must adopt efficient and effective debt management practices. His delegation therefore supported the implementation of debt cancellation, debt-swap schemes and debt moratoriums. There was also a need for existing debt relief initiatives to adopt a more comprehensive approach that took into consideration the specific circumstances of individual countries.

20. His delegation supported the various policy and institutional frameworks for the global commodity economy proposed in the report of the Secretary-General on world commodity trends and prospects (A/64/184). Kenya, like many developing countries, relied heavily on agricultural commodity exports and its external trade in commodities had been badly affected by the financial and economic crisis.

21. **Ms. Blum** (Colombia) said that the recent Conference on the World Financial and Economic Crisis and Its Impact on Development had been an important step towards the formulation of collective proposals to improve the international financial system. A major feature of it had been the international community's acknowledgement of the need for coordinated action to mitigate the impact of the ongoing economic and financial crisis, particularly in developing countries. Her delegation welcomed the establishment of the ad hoc open-ended working group of the General Assembly to follow up on the issues contained in the Outcome of the Conference (General Assembly resolution 63/303, annex).

22. Reform of the international financial system, including in the areas of regulation and supervision, was crucial for global economic recovery. Such reform, which should take into account the financing needs of developing countries, must also be based on the following five areas: improved consistency of macroeconomic policies at the global level; the adoption of codes of conduct that included improved information and strengthened financial supervision and regulation; the preservation of autonomy for developing economies; the design of a network of regional and subregional organizations to support monetary and financial management; and the strengthening and reform of the international financial institutions.

23. Her delegation supported tariff simplification and enhanced transparency in the functioning of international commodities markets. In that context, it reaffirmed the need for a less protectionist system and the use of fewer subsidies by developed countries.

24. Lastly, she stressed that biofuels were not necessarily in competition with food production and could be compatible with sustainable development goals and the strengthening of the agricultural sector.

25. **Mr. Shawabkah** (Jordan) said that the developing countries were increasingly suffering from the problem of external debt, which threatened the economic recovery programmes on which they were counting to achieve comprehensive development. Their development plans had also been adversely affected by the recent rise in food and energy prices, the pressure caused by loans on the competitiveness of their exports had added to their rate of inflation and many States had been forced to postpone the implementation of investment projects, leading to increased poverty and unemployment and restricting their ability to achieve the MDGs.

26. Despite Jordan's economic reforms since 1989, it still faced unwelcome economic turmoil, in particular as a consequence of the food and energy crisis, the financial and economic crisis and climate change. Efforts to combat the debt crisis were depleting Jordan's resources, having an adverse impact on the life of the population, undermining the Government's efforts to fight poverty and unemployment and threatening the country's chances of attaining the MDGs. Coordinated and harmonious international efforts must be made to find alternative additional sources of funding to alleviate the adverse effects of external debt on the societies and economic systems of the developing countries.

27. **Mr. Alqadfan** (Kuwait) said that all States had been adversely affected by the global financial crisis, but its impact on the developing countries had been particularly severe; the efforts made to promote development fell short of the requisite level agreed at the Monterrey Conference in 2002.

28. According to IMF, by the end of the current year the world economy would contract by 1.4 per cent and the economies of the developed countries would decline by about 3.8 per cent. If that was the case, one had to wonder what would be the situation of the developing countries, including the least developed.

29. In January 2009 Kuwait had hosted the Arab Economic and Social Development Summit, the main purpose of which had been to promote development in the Arab world. Its outcome Summit had included the establishment of a fund with a capital of $2 billion, to which Kuwait had announced a contribution of $500 million, to finance and support small and medium-sized development projects to improve the living conditions of Arab citizens.

30. Through the Kuwait Fund for Arab Economic Development his country had since 1961 provided technical assistance and soft loans to finance infrastructure and development projects in over 100 countries to a value of $14.5 billion. In 2009 it had established the Decent Life Fund to finance agricultural research and provide urgent assistance to the most seriously affected countries, to which it had donated $100 million. It had also allocated $300 million to combat poverty and disease in the African continent, and in the past three decades had maintained the level

of its assistance to the developing countries at 2 per cent of its gross national product (GNP), well above the rate of 0.7 per cent agreed at the Monterrey Conference.

31. Kuwait was that, in the current Human Development Report, the United Nations Development Programme (UNDP) had ranked it first among the Arab countries in terms of human development, and thirty-third worldwide.

32. Lastly, he noted the importance of respecting the Monterrey commitment to provide 0.7 per cent of GNP for development assistance, and of endeavouring to achieve the MDGs by 2015.

33. **Mr. Rosenthal** (Guatemala) said that the current economic and financial crisis had had unprecedentedly far-reaching consequences for growth, employment, tax revenues and development aid. Guatemala had been badly affected, after five years of relatively satisfactory economic performance.

34. The steps taken by the countries of the Group of Twenty (G-20) to respond to the crisis were, despite a certain reluctance on the part of countries not members of that exclusive club to acknowledge it, appropriate moves towards achieving a collective response to a common problem. A multilateral response was preferable to isolated, incoherent responses, and the anti-cyclical policies that had been introduced in many G-20 countries would help to avoid further deterioration of the situation. The recognition that the economic landscape had changed irrevocably, with some emerging developing economies becoming major players that could not be excluded from a coordinated response, was welcome and was perhaps a precursor to recognition of the change in the political landscape. A coordinated effort was emerging to regulate financial flows in order to avoid a repetition of the current crisis. It should be noted, however, that although universal forums were the ideal, smaller forums were more flexible in terms of their decision-making capacities. Mechanisms must be devised to enable an interaction between the members of the G-20 and those countries that did not enjoy that privilege, and the United Nations, given its universality and legitimacy, could play a key role in that process.

35. The focus of the General Assembly's concerns at the current session, however, should be the incipient change in the world order of economic governance. The United Nations, with its convening power and its role in advocating development, could make important contributions to that change, especially in partnership with reformed Bretton Woods institutions. The considerable analytical capacity of the United Nations — through the Department of Economic and Social Affairs, the United Nations Conference on Trade and Development and the regional commissions — should be used to full advantage in order to contribute to the debate on revising development paradigms, especially with respect to creative interaction between state and market.

36. **Mr. Bachmann** (Switzerland) said that the United Nations must play a key role in mitigating the social costs of the ongoing global economic and financial crisis in developing countries. The crisis had shown the need for better regulation and supervision of the international financial system as well as for close partnerships between the international institutions and forums responsible for maintaining global financial stability. For example, improved coordination between the G-20 and the United Nations was needed in order to enhance the legitimacy and effectiveness of global economic governance.

37. The dramatic drop in trade flows and direct private investment had had a severe impact on many poor countries. To ensure that emerging market economies were better integrated into the global economy, it was important to address the shortage of trade finance and the rise of protectionism. His delegation therefore called for a swift, balanced and successful conclusion of the Doha Development Round that took into account its initial development mandate.

38. The severity of the current crisis had caused an increase in the overall level of public debt. Many developed countries had implemented major monetary and fiscal stimulus measures to offset the shortfall in private demand. The current level of public spending, particularly in some large countries, posed a problem for medium-term sustainability. Fiscal responsibility would therefore require a reduction in national debt levels. The timing and modalities for the withdrawal of the stimulus measures would also need to be considered carefully in view of the associated political and economic implications.

39. His delegation welcomed the increased use of the debt sustainability framework, which was a key instrument for guiding macroeconomic policies towards sustainability. While a moderate increase in the flexibility of the framework was desirable, an excessive accumulation of debt in the medium to long term should be avoided.

40. His delegation also welcomed the three-pillar approach put forward by the Economic and Social Council concerning the strengthening of the financing for development follow-up process.

41. **Mr. Khan** (Pakistan) said that the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development provided a comprehensive framework for mitigating the impact of the crisis and addressing systemic and structural weaknesses in the international financial architecture. The establishment of the ad hoc open-ended working group of the General Assembly to follow up on the issues contained in the Outcome was also welcome.

42. In that connection, rapid action was needed on the development of flexible, concessional, fast-disbursing and front-loaded assistance packages to developing countries affected by the crisis; the mobilization of additional resources for social protection, food security and human development through all sources of development finance, including voluntary bilateral contributions; the scaling up of development finance from existing sources and the establishment of new, voluntary and innovative sources of finance; the rejection of all protectionist tendencies, the removal of any protectionist measures already taken and reports on such measures; the implementation of measures to mitigate the negative impact of the crisis on developing countries' indebtedness, including the full use of the debt sustainability framework; expansion of the scope of regulation and supervision with respect to all major financial centres, instruments and actors; and improvement of early warning systems through effective IMF surveillance. Most important, the capacity and effectiveness of the United Nations must be strengthened to ensure greater coherence and coordination between its policies and those of the international financial institutions.

43. Furthermore, the international financial architecture should be underpinned by the following principles: the United Nations must be closely involved in the reform process, thereby ensuring global participation and legitimacy; the right to have a voice and representation should be built around the imperatives of need and equity; the new global compact for development, growth and prosperity should be people-centred; and the role of Governments, markets and civil society should be carefully balanced.

44. The continuing volatility of the commodity markets had underlined the need for the international community not only to monitor and assess the impact of speculation on commodity futures trading, but also to identify and agree on the best ways to strengthen the nexus between trade, food, energy security and industrialization.

45. The unfair nature of global agricultural trade was closely linked to the issue of commodities, since agricultural products were the developing countries' main exports. The continuing use of subsidies and tariffs by developed countries must be addressed in order for developing countries to achieve the internationally agreed development goals, including the MDGs.

46. His Government had taken a number of concrete steps to mitigate the impact of the crisis in Pakistan, including broadening the export base and diversifying regional trade. It had also sought to conserve available resources by curtailing non-development expenditures and prioritizing development activities. As a result, Pakistan's economic situation had improved considerably.

47. **Mr. Morejón** (Ecuador) said that the root cause of the current economic and financial crisis was a system that favoured the speculative financial economy over the real economy, leading to an unequal and exclusive international financial architecture that must be reformed. There was consensus that the current system of global economic governance was not adequate and that credible, representative and effective mechanisms for macroeconomic coordination with governance structures that were duly representative of the interests of all countries, and ambitious new mechanisms such as a global economic council, were needed. The international community should start working to create a new, more stable and equitable international monetary system. The discussions held during the United Nations Conference on the World Financial and Economic Crisis and Its Impact on Development had been useful and the United Nations, through the ad hoc open-ended working group of the General Assembly established to follow up on the issues contained in the Outcome of the Conference, must now play a key role in reforming the international financial architecture, ensuring transparency, democratizing decision-making, achieving better regulation of international financial institutions and markets, boosting special drawing rights and promoting anti-cyclical policies. Several countries in

Latin America, including Ecuador, had been working to strengthen regional and subregional agreements as part of multilateral responses to the current crisis with initiatives including the creation of the Bank of the South.

48. It was now more important than ever before for donor countries to meet their ODA commitments, in order to provide developing countries with the necessary resources for achieving internationally agreed development targets. Developed countries must also tune in to the real needs of countries of the South, and consider the effects of their policies in such areas as migration, trade and new technologies, all of which affected the development process.

49. The alleviation and restructuring of external debt was increasingly urgent for countries of the South, including Ecuador. He welcomed the Secretary-General's recognition that a policy of temporary debt standstills between debtors and creditors would be useful, in order to help mitigate the adverse impacts of the crisis and stabilize macroeconomic developments. Aid for middle-income countries must be intensified as a matter of urgency.

50. **Mr. Chitranukroh** (Thailand) said that the severe and widespread impact of the international financial crisis had exposed various shortcomings and inequalities in the global economic and financial system, including the inadequacy of financial supervision and regulation. The international community must work to correct those flaws; in particular, to improve global economic governance, a mechanism was needed that would incorporate the views of all countries on regulatory standards, particularly emerging market economies.

51. Thailand was encouraged that regional cooperation had been making a significant contribution to strengthening the regional financial architecture. For example, the Association of Southeast Asian Nations plus China, Japan and the Republic of Korea (ASEAN+3) had established a $120 billion bilateral swap arrangement called the Chai Mai Initiative Multilateralization, which would be implemented by the end of 2009. Thailand also looked forward to the establishment of a guarantee and investment mechanism with an initial capital of $500 million under the Asian Bond Market Initiative.

52. Moreover, ASEAN+3 had agreed to strengthen the region's early warning mechanisms by establishing an independent surveillance unit to monitor regional economies and identify potential risks to financial stability. Such facilities could be useful models for other regions, especially for emerging and developing countries, since they provided an additional line of defence at the regional level.

53. The global economy had become too interconnected for countries to place narrow self-interest before the common good. Trade-distorting protectionist practices must therefore give way to an open international system of trade and investment. To that end, more must be done to ensure a swift and successful conclusion to the Doha Development Round.

54. **Mr. Sekudo** (Nigeria) said that the economic and financial crisis had demonstrated the need for a new global economic order that was equitable, transparent and inclusive. However, the creation of a stabler and more responsive international financial system was no easy task. In that respect, he commended the United Nations for convening the Conference on the World Financial and Economic Crisis and Its Impact on Development, and also supported the recommendations of the Commission of Experts of the President of the United Nations General Assembly on Reforms of the International Monetary and Financial System.

55. All stakeholders must seize the momentum generated by the Outcome of the Conference to ensure that effective surveillance and appropriate regulatory reforms were implemented at the national, regional and international levels; that the ad hoc open-ended working group of the General Assembly to follow up on the issues contained in the Outcome carried out its mandate; and that provision was made to accommodate new innovative ideas, including the recommendation for the creation of a global economic coordination council, as proposed by the Commission of Experts.

56. The imbalances in the international financial system continued to undermine the capacity of developing countries to withstand the impact of the global economic crisis. The result was increased poverty, hunger and an overall development deficit. His delegation therefore called for fewer declarations and more concrete actions to increase foreign direct investment and ODA. Furthermore, aid to developing countries must be unconditional, complementary and development-oriented.

57. The issue of debt sustainability must be comprehensively addressed in order to free up

resources for development. His delegation therefore called for a sincere evaluation of the debts owed by developing countries with a view to further debt relief and debt cancellation.

58. The unpredictability of world commodity prices had further compounded the economic problems of developing countries, especially those most dependent on commodities. The fall in demand for commodities as a result of the crisis had greatly affected the export revenues and import capacities of African countries, including Nigeria. Ongoing uncertainty over commodity finance and the sustainability of investments was already frustrating Nigeria's efforts to diversify its sources of national income and, ultimately, was reversing its capacity to generate economic growth and implement the MDGs. His delegation was therefore eager to see a successful conclusion of the Doha Development Round and called on all parties to demonstrate the necessary flexibility to achieve a practical solution to all outstanding issues.

59. **Mr. Alkero** (Iraq) said that the servicing of debts in hard currency prevented the developing countries from investing adequately in education and health care, thus making it impossible for them to address other development issues effectively.

60. The current global crisis had an impact on the ability of the developing countries to obtain the funding they needed in order to achieve their development goals. Those countries and the countries with economies in transition encountered serious setbacks in attaining the internationally agreed objectives, including the MDGs. Urgent action was needed to contain the current crisis, restore the ability to ensure sustained economic growth, urge all donors to fulfil their ODA commitments, and make full use of the capacity of the World Bank and IMF to offer advice on policy and to make resources available in an appropriate manner to assist the developing countries and the transition economy countries. It was also important for the developing countries to have sound macroeconomic policies to support their economic development and to eradicate poverty.

61. Action was also needed with regard to the problem of external indebtedness. His country looked to those States to which Iraq had outstanding debts to follow the example of the States that had extinguished or substantially reduced Iraq's indebtedness to them. That would stimulate Iraq's economy and demonstrate the desire of those States and of the international community as a whole for Iraq to resume its natural place in the international arena.

62. **Mr. Tashibayev** (Kazakhstan) said that the current financial and economic crisis had led to a sharp decrease in economic growth and world trade activity and to increasing levels of poverty, unemployment and malnutrition, and had jeopardized achievement of the MDGs and of previously committed ODA levels. It had also exposed weaknesses in the international financial system, and reform was urgently needed to bring the global financial architecture into line with the principles of democracy, justice, transparency, legitimacy, equity and accountability. Particular consideration should be given to reforming the system's mandate, responsiveness, governance and impact on development, as well as identifying the role of the United Nations in the transition period. The rights of developing countries to participate in decision-making within the Bretton Woods institutions must be respected. Surveillance remained the key crisis prevention tool of IMF, and the reformed IMF must properly discharge its mandate to promote global economic and financial stability. He looked forward to the active participation of the ad hoc open-ended working group of the General Assembly established to follow up on the issues contained in the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development in the process of building an effective framework for enhancing multilateral macroeconomic and financial cooperation. The global crisis had revived discussions on the reserve currency, and the international community must seize that opportunity to begin work on establishing a new, more stable and more equitable international monetary and financial system.

63. The current crisis had revealed weaknesses in cooperation between Governments, international organizations, the private sector and non-governmental organizations, and improvements must be made in order to ensure that long-term international commitments would be met. The international community must articulate essential principles and standards for regulation of the financial market and establish a mechanism for the continuous oversight of progress on cooperation. The United Nations system, particularly the Economic and Social Council, should play an important role in monitoring and coordinating that process.

64. He reaffirmed Kazakhstan's commitment to the Monterrey Consensus on Financing for Development,

the Doha Declaration on Financing for Development and the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development.

65. **Mr. Shin** Boonam (Republic of Korea) said that, while signs of financial recovery were emerging in some parts of the world, many countries, especially developing countries, were still struggling to overcome the economic crisis. The Secretary-General's initiative to develop a Global Impact and Vulnerability Alert System would serve as an important tool for building an accurate picture of the specific repercussions of global crises, which was the key to mobilizing the necessary political support and to determining the appropriate response.

66. There seemed to be consensus on the need for greater global cooperation in reforming the international financial system, including governance of the Bretton Woods institutions. The Conference on the World Financial and Economic Crisis and Its Impact on Development, held in June 2009, had offered an important opportunity for the international community to demonstrate its commitment to achieving a more stable global economy. The G-20, which had held three summits in one year, had showed what the international community was capable of doing if the political will existed, taking swift, coordinated measures to respond to the crisis and to provide direction for reforms to the international financial architecture. Noting the recent calls for closer cooperation and coordination between the United Nations, the G-20 and the international financial institutions, he said that the Republic of Korea, as one of the G-20 host countries for 2010, intended to engage actively with the United Nations in exploring ways to ensure that the voices of all Member States were duly reflected at G-20 meetings.

67. Given the vast importance of commodities to many economies, it was vital that further in-depth studies should be undertaken into the extent to which speculation was a contributing cause of the instability of commodity prices and potentially a trigger of global food crises, as had been observed by the Secretary-General. The necessary framework to address price instability should then be discussed on the basis of that analysis.

68. **Mr. Gotta** (Ethiopia) said that the current global crisis was hindering the mobilization of domestic resources, which the Monterrey Consensus had recognized to be fundamental to self-sustaining development. Since externally generated resources should complement rather than replace domestic resources, African countries had been striving to find additional resources in order to achieve internationally agreed development goals, including the MDGs. However, given the low level of income in Africa, domestic resources remained inadequate. In addition to intensifying its own efforts, therefore, the continent needed further external assistance to finance its development priorities.

69. Only a handful of countries had met their commitment set in the Monterrey Consensus of 0.7 per cent of gross national product (GNP) as ODA to developing countries. ODA provided by the countries of the Group of Eight remained well below their target of US$ 65 billion by 2010 under their Gleneagles commitment. Although some of the additional $50 billion proposed by G-20 countries at the London summit in 2009 to help low-income countries to overcome the current crisis had been ready for swift disbursement through IMF, the rest, to be disbursed by the World Bank and the African Development Bank, was reportedly not yet available. The slow pace of meeting ODA pledges was worrisome, since ODA remained the largest component of external financing for many African countries. He therefore called on development partners to fulfil their international commitments. Donors should also ensure that increased aid was allocated to production sectors and other activity that affected employment and poverty. The quality of assistance was as important as its quantity, but volatility and fragmentation of aid and tied aid continued to undermine its effectiveness. External debt was rising quickly in heavily indebted poor countries, rapidly approaching the threshold set under the Debt Sustainability Framework in Low-Income Countries and threatening to reverse the progress achieved thus far. He therefore expressed support for the proposal that the international community should consider a debt-service moratorium for low-income countries, with no interest liabilities on delayed payments.

70. Foreign direct investment was expected to fall in 2009, affecting both developed and developing countries around the world. The Monterrey Consensus had recognized that private international capital flows were an important complement to domestic resources and ODA, and Africa had been striving to create conditions conducive to mobilizing private capital. Macroeconomic policy and the investment climate had

improved considerably in a number of African countries, and, consequently, net private capital flows to Africa had increased significantly in recent years. Despite that increase, Africa's share in global foreign direct investment flows was only 5 per cent, and was concentrated in a few countries and a few economic sectors. In order to mitigate the effects of the forecast decline in foreign direct investment flows in 2009, Africa would have to redouble its efforts to strengthen its already improving business environment. Development partners should intensify efforts to encourage foreign direct investment in infrastructure and other priority sectors, so as to help dispel the stereotype of Africa as an unattractive environment for business and promote the massive opportunities for investment available in the continent outside the natural resources sector, on which the focus had hitherto been.

71. Africa's positive economic growth in recent years had been associated with higher commodity prices. However, the accelerated increase in the price of food and oil had negatively affected African economies, and they had been further hit by the subsequent global financial and economic crisis. The growth that the continent had been experiencing had clearly been fragile, and sustaining it had depended on commodity prices staying within a narrow range. Since the fragility of the African economy was at the root of the continent's current crisis, Africa must cease to be dependent on commodity exports and embark on a structural transformation of its economy, with the assistance of its development partners.

72. **Ms. Prorok** (Ukraine) welcomed the steps taken by international financial institutions to address the current global challenges, and expressed gratitude for the financial support that Ukraine had received for the recovery of its economy. Her Government was taking all necessary measures to minimize the impact of the global economic recession and the financial crisis on the national economy and to continue economic and financial development.

73. Given that all stakeholders must take action to mitigate the adverse effects of the global recession, especially on developing countries, Ukraine welcomed the global initiatives to address financial instability, including the policy framework launched by the G-20. However, the United Nations, as a universal international organization, could and should play a major role in preventing the financial crisis from creating social upheaval. The international community should consider all measures for achieving global stability and sustainable development for all countries, including the idea expressed a few years earlier by Ukraine and then by other countries regarding the creation of an economic security council.

74. She expressed support for efforts under way to reform governance of the Bretton Woods institutions, which were aimed at redressing global imbalances while sustaining economic growth, thereby giving developing countries and countries with economies in transition a stronger voice in decision-making and ensuring the effective participation of all countries in the global economy and financial system as a whole. The governance reforms were essential to the continued effectiveness and credibility of those institutions.

75. More steps should be taken to address the issue of debt in order to free up national resources for development. Lending rates had remained too high in most developing economies and economies in transition, and it was the duty of the international community to provide adequate resources to help mitigate the effects of the crisis in order to avoid the accumulation of new unsustainable debt.

76. **Mr. Toh** (Côte d'Ivoire) said that the situation in developing countries resulting from the global recession was well-nigh intolerable. Overwhelmed by their debt burden, they were torn between meeting the needs of their people by formulating viable development policies and meeting deadlines on debt repayments which swallowed up a large portion of their national budgets. As resources became more and more scarce in the current global economic and financial situation, it was doubtful whether the majority of developing countries would be in a position to attain the MDGs.

77. In order to address its debt burden, the Ivorian Government had prepared a Poverty Reduction Strategy Paper for 2009 to 2013, in which it had identified priorities for development, elimination of extreme poverty and debt management, as well as the resources to be allocated for the purpose. Along with diligent implementation of measures under an IMF-supported post-crisis assistance programme, that had enabled Côte d'Ivoire to reach its decision point under the Heavily Indebted Poor Countries (HIPC) Initiative. It expected to reach the completion point within 18 months; meanwhile, the Government had, in March 2009, established a programme with the Bretton Woods institutions under the Poverty Reduction and Growth

Facility for 2009 to 2011. He expressed gratitude to all development partners that had supported the Ivorian Government in reaching the decision point.

78. However, since full accession to the Heavily Indebted Poor Countries Initiative would not necessarily guarantee that all its external debt would be written off, Côte d'Ivoire would, within its new debt policy framework, work to improve management of its external debt and monitor the performance of investment projects financed by external resources, particularly their impact on growth and development.

79. The timely partial write-off of bilateral and multilateral debts in some heavily indebted poor countries was commendable. However, the impact of debt remained an obstacle to the economic and social development efforts of many countries. He therefore urged industrialized countries to fulfil the commitments that they had voluntarily made at international conferences on development, particularly that of reaching the ODA target of 0.7 per cent of GNP.

80. **Mr. Al-Nasser** (Qatar) said that the social effects of the financial and economic crisis were compounded by the fact that the recommendations of the United Nations Conference on the World Financial and Economic Crisis and Its Impact on Development had not been followed up. The crisis was particularly devastating for the weakest countries, and endangered the attainment of the MDGs as well as the progress in reducing poverty and hunger achieved in some developing countries. It had also revealed the inadequacy of existing anti-crisis protection measures; the systems for managing risk and protecting consumers in the developed countries had failed and needed to be reassessed, and there was a need to discuss the underlying responsibilities, in particular for the major upheaval in capital markets.

81. If measures were not taken to deal with the financial crisis which had begun in the United States of America, it was likely to affect the international financial system and its ability to provide finance for the developing and developed countries alike, and to lead to a deterioration in global investment flows and export earnings at a time of increasingly unstable prices. The middle-income countries were also feeling the effects of the crisis as were the energy-producing countries, and the situation was likely to be exacerbated by the economic recession and increasing protectionism in trade.

82. It was important for the forthcoming International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus (Doha, 29 November-2 December 2009) to take into account the lessons learned from the crisis and the outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development (New York, June 2009) as the basis for devising international and national financial systems that would serve the interests of both the developing and the developed countries. The developing countries needed to be able to participate in that process.

83. In contrast to what had occurred following the Asian economic crisis in 1997, IMF had been excluded from participation in the current process despite its attempt to enhance its role as a global coordinator of economic policies and despite the speed with which the crisis had spread from the United States to the rest of the world. There was therefore a need for radical changes in the role of IMF and in the structure of the international monetary system. Qatar, together with Singapore and Switzerland, had put forward at the World Economic Forum in Davos a proposal on financial governance on which recommendations would be made to Davos 2010.

84. The crisis also indicated that the imposition of unified standards and codes of banking practice modelled on the financial system in the United States would not be ideal. It was necessary not just to review such standards and their application to the developed countries, but to devise financial systems that would meet the needs of the developing countries.

85. The structure of the international financial system must allow the provision of adequate assistance to the developing countries without conditions that impeded their capacity to develop their own resources, and the establishment of a domestic financial system that would support domestic investment in mobilizing those resources.

86. Current international funding methods and failure to abide by agreed procedures adversely affected the capacity of the developing countries to use their commodity exports as a source of their own development. Investments based on speculation in commodity-based securities were of little benefit to the developing countries and caused price instability, adversely affecting their capacity to benefit fully from the development potential of their exports.

87. **Mr. Alahraf** (Libyan Arab Jamahiriya) said that the current financial crisis demonstrated the urgent need for radical reform of the international financial system, which had shown itself incapable of addressing the crises caused by the unregulated practices of the capitalist circles controlling the financial markets. The resulting adverse economic and social effects, in particular on the poor countries, spread poverty and hunger and increased unemployment and illegal migration. The developing and least developed countries should have a greater voice in the Bretton Woods institutions; the reforms of voting rights introduced so far did not adequately address the problem, and should be strengthened through the establishment of a global forum to address all the shortcomings of the international monetary system; minor reforms would be unlikely to prevent other crises in the future.

88. The continuous flow of financial resources from the developing to the developed countries restricted the developing countries' use of their resources for development. It seemed clear that, even if external financial flows to the developing countries were rising, they were directed to raw material exporting countries or to the securities and shares market, and should be regarded with extreme caution because in many cases they represented opportunistic speculation rather than being a stable contribution to development and economic progress.

89. Commodities were of strategic importance for many developing countries which relied on the revenue from them to finance their development programmes and improve their health and education services. The countries of Africa, Asia and Latin America should be compensated for the impact of colonialism and the plunder of their resources, and the General Assembly should adopt a resolution to that effect.

90. The financial crisis and the resulting fall in the demand for many commodities had reduced the flow of finance to many developing countries, particularly those whose revenues depended on the export of one or a few commodities. Those countries needed support for their programmes geared to increasing and improving their output, diversifying their exports and improving their access to world markets. UNCTAD had an essential role to play in connection with raw materials and the prevention of price instability as well as in the building up of human and institutional resources to ensure an increase in the volume and quality of production and to facilitate its marketing.

91. The debts of the developing countries, particularly the least developed, and debt servicing reduced their chance of attaining the internationally agreed development objectives, including the MDGs, and perpetuated the flow of capital to the developed countries. There was therefore a need for debts to be reduced or written off altogether; debtors and creditors shared a joint responsibility in that regard to seek means of addressing the debt crisis.

92. The deadlock in the negotiations on the Doha Round must be overcome; failure to implement the agreement embodied in the Doha Ministerial Declaration of 2001 would have a negative impact on the future of the world economy, and would encourage protectionist tendencies and bilateral trade initiatives that would reduce the negotiating power of the developing countries.

93. If the work of the African Union to promote economic development in Africa was to continue, the decrease in ODA and the improvement of its quality would have to be addressed. The developing countries also needed further assistance in coping with climate change and the food crisis. In that context he emphasized the importance of following up the implementation of the Political Declaration adopted by the High-level Meeting on Africa's Development Needs and the conclusions of the MDG Africa Steering Group, which had drawn attention to Africa's need for $72 billion to ensure the attainment of the MDGs.

94. **Mr. Zainal Abidin** (Malaysia) said that Malaysia's experience in managing the Asian financial crisis had demonstrated that an early, decisive and comprehensive response was crucial, and that efforts to sustain financial stability must continue beyond the end of the crisis and after economic recovery has been achieved. Once stability had been restored, Malaysia had embarked on a comprehensive programme of restructuring and reform of the financial sector. The key lesson that had been learned was that the foundations for resilience had to be built during the good times.

95. Over the past year, measures had been introduced that had gone some way towards stabilizing the global financial markets. With the urgency for immediate measures receding, it was now essential to find consensus on fundamental regulatory and institution reform at the national and international levels, and those efforts must continue in order to prevent a future recurrence of the crisis.

96. Fundamentally, the crisis was the result of discrepancy between the financial sector and the real sector, where true productive activity took place. Islamic finance, with its emphasis on strong linkage to productive economic activity, offered a solution to that discrepancy. The resilience of Islamic financial institutions during the current crisis had demonstrated the intrinsic strengths of the system, namely that financial transactions must be accompanied by underlying productive activity that would generate legitimate income and wealth, and that, since Islamic finance was based on profit-sharing and therefore mutual risk-sharing, its institutions must exercise due diligence in assessing the viability of business proposals and enforcing the requirement for transparency and disclosure. Despite the current difficulties, the global Islamic financial services industry had continued to grow; however, greater integration of Islamic finance with the international financial system would increase the risk of their being affected by other markets and jurisdictions. The current crisis had highlighted the need for institutional arrangements for resolving the problems of troubled international Islamic institutions. Malaysia had implemented a system for providing expedient and cost-effective resolution measures, but a mechanism for cooperation between regulators in order to prevent potential risks from crossing national boundaries was essential.

97. Further internationalization of Islamic finance would require mutual recognition of financial standards and products across jurisdictions. Announcements following the recent G-20 summit and by the Financial Stability Board reflected the desire to strengthen international regulatory standards. Cooperation between the Islamic financial sector and the standard-setting entities was necessary in order to ascertain whether the new standards being introduced could be applied to Islamic finance and, if not, what modifications were needed.

98. **Mr. Hermida Castillo** (Nicaragua) said that the original aim in 1944 of having international financial institutions linked to the United Nations had been lost; instead they were controlled by the agenda of a single Government. There was consensus as to the need for urgent structural reform of the international financial system, but much remained to be done before agreement could be reached on the scope and the details of the reform. The world economy was currently dominated by action and decisions taken in the financial sector, not the productive sector, and by speculation by those who could use their large amounts of capital to influence the economy in the pursuit of profit. Free trade and the current financial system had turned the world economy into a huge casino in which the winners were hardly at risk at all and the other countries could become losers without even having participated. Despite that, developed countries had opted to maintain their hegemony by recapitalizing the very institutions that had significantly contributed to the majority of the financial crises that had occurred since the establishment of the Bretton Woods institutions. That action and other measures were aimed at blocking the construction of a new international financial architecture.

99. The developing countries, in contrast were already paving the way towards a new international financial architecture and a new global economic order. The South had launched initiatives to increase its economic independence and reduce its vulnerability to speculation, including the Chiang Mai Initiative in Asia and the Single Regional Compensation System (SUCRE) in Latin America, which had been created by member States of the Bolivarian Alternative for the Americas (ALBA) and in 2010 would replace the United States dollar as the currency of international trade transactions. Through such measures, the countries of the South were working towards their objective of being able to exercise their right to development and their sovereignty.

100. With regard to the issue of external debt, his delegation wondered who really owed what to whom: the developing countries had been plundered for centuries, while developed countries, after over 500 years, were still trying to impose the old methods of domination of the few over the majority. The current economic situation was not so different in essence from the ethnocultural genocide and systematic plunder of the indigenous peoples of Latin America and the Caribbean by European invaders that had begun 517 years previously. Nowadays, developing countries were paying debt service with money that could be invested in social services for the most vulnerable groups, who were even more at risk now as a result of the crisis. To address the debt issue, his delegation supported measures including total cancellation of debt, temporary moratoriums on repayments during the crisis and innovative proposals such as debt-for-education swaps and similar action in other social sectors.

101. Fifty years after the promise of a world without hunger, there were still 1 billion people whose right to food as a basic human right was not being respected. However, there was general tolerance of the practice of using land and cereals to produce biofuels to run cars and machines rather than to feed hungry mouths; that was a crime against humanity. It was unacceptable that the current global economic order had created a situation in which the commodities market was subject to the speculation and greed of the few. He recalled the words of Jean Ziegler, the former Special Rapporteur on the right to food, who had said the previous year that the only hope of remedying the situation would be an insurrection of the public conscience: if people announced that they were no longer willing to tolerate a situation in which a child died of hunger every five seconds while speculators set the price of commodities, Governments would be forced into action and hunger would disappear in a few months.

The meeting rose at 6 p.m.

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Summary record of the 10th meeting
Held at Headquarters, New York, on Wednesday, 14 October 2009, at 10 a.m.

Chairperson: Mr. García González (Vice-Chairperson) ..... (El Salvador)
later: Mr. Mohamed Cherif Diallo (Vice-Chairperson) ..... (Guinea)

Contents

Agenda item 51: Macroeconomic policy questions (*continued*)

(b) International financial system and development (*continued*)

(c) External debt and development: towards a durable solution to the debt problems of developing countries (*continued*)

(d) Commodities (*continued*)

Agenda item 58: Operational activities for development

(a) Operational activities for development of the United Nations system

(b) South-South cooperation for development

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In the absence of Mr. Park In-kook (Republic of Korea), Mr. García González (El Salvador), Vice-Chairperson, took the Chair.

The meeting was called to order at 10.05 a.m.

Agenda item 51: Macroeconomic policy questions (*continued*) (A/64/65 and A/64/81)

(b) International financial system and development (*continued*) (A/64/178)

(c) External debt and development: towards a durable solution to the debt problems of developing countries (*continued*) (A/64/167)

(d) Commodities (*continued*) (A/64/184)

1. **Mr. Gunda** (Malawi) said that the global economic and financial crisis had caused a drop in demand and prices for Malawi's exports, which in turn had caused foreign exchange shortages. Industrial production had also decreased. The international community should cooperate closely to mitigate the impact of the crisis on developing countries.

2. Since Malawi's economy was predominantly agrarian, his Government was concerned about falling commodity prices. It was also concerned that Malawi might feel the full impact of the crisis only when other countries started to recover. While his Government was working to control the country's current account deficit and budget deficit, Malawi still required increased assistance from its development partners. He therefore called on donors to increase their funding for developing countries. In addition, he expressed support for the call by the United Nations Conference on Trade and Development (UNCTAD) for a temporary debt moratorium for low-income countries.

3. Despite the current gloomy outlook, his Government remained committed to achieving sustained macroeconomic development. In particular, it had undertaken comprehensive economic reforms to create an environment conducive to growth, and was working to meet its international commitments in the hope of re-establishing donor confidence. Its Malawi Growth and Development Strategy was designed to transform the country's economy and to pull it out of the poverty trap. Nevertheless, the current crisis threatened to erode the socio-economic gains made by developing countries in the past 10 years.

4. His delegation welcomed the increase in official development assistance (ODA), but feared that, just when developing countries most needed assistance, such gains might be reversed. He therefore called on all donors to move towards the target of 0.7 per cent of gross national income (GNI) as ODA to developing countries. His delegation welcomed the steps being taken by the International Monetary Fund (IMF) to expand its vulnerability analysis and urged all States members of IMF to implement the measures it had prepared to ensure that their financial policies were coordinated. While the increased availability of funding to low-income countries was welcome, measures must be taken to ensure that such countries did not fall into debt traps in the medium to long term.

5. Lastly, his delegation joined others in calling for a system of global economic governance that was transparent and accountable and which ensured the equitable participation of all countries. It was inconceivable that developing countries had limited voting power in IMF and the World Bank. The interests of the poor must be taken into account before decisions affecting them were made.

6. **Mr.** Mohamed Cherif **Diallo** (Guinea) said that the global economic and financial crisis had further demonstrated the negative effects of globalization, since the countries least responsible for the crisis had suffered the most. Paradoxically, they were also the least equipped to respond. At the same time, the crisis offered a unique opportunity to reform the international monetary and financial system. Such reform must include increasing developing country representation in the Bretton Woods institutions.

7. Despite deteriorating terms of trade, decreasing external financing and increasing external debt, Guinea had made considerable progress in recent years owing to its programme of economic and financial reform. The Government had also adopted key structural adjustment measures, decentralizing public services, privatizing State companies and improving public expenditure management. The economic and monetary policy adopted by the Government had yielded encouraging results. Gross domestic product (GDP), for example, had increased from 1.8 per cent in 2007 to 4.9 per cent in 2008.

8. External debt was a matter of great concern to his delegation. That Guinea's external debt currently absorbed 56 per cent of its tax revenue created a

constant dilemma for the Government, since it could not afford to fund basic social programmes and to service its debt. For some time, Guinea had participated in an IMF and World Bank debt reduction programme under the Heavily Indebted Poor Countries (HIPC) Initiative. In December 2007, IMF had concluded a three-year Poverty Reduction and Growth Facility arrangement with Guinea. The July 2008 decision by the IMF Executive Board to increase that arrangement should enable Guinea to reach its completion point under the HIPC Initiative and to benefit from debt relief. Since most debt was unsustainable, donors must step up their support for existing strategies and make it easier for countries to reach completion point.

9. The UNCTAD secretariat's report on world commodity trends and prospects, contained in document A/64/184, clearly illustrated the impact of the current crisis on developing countries, especially those with commodity-dependent economies, where reduced demand for, revenue from and investment in commodities had led to an economic slowdown. As Guinea relied heavily on the mining industry, the decrease in bauxite and aluminium prices had affected its entire economy. The situation called for a collective response based on the adoption of policies aimed at addressing the structural problems of commodity-dependent economies and on the integration of such policies into development and poverty reduction strategies.

10. **Mr. Hassani Nejad Pirkouhi** (Islamic Republic of Iran) said that, despite signs of recovery in larger economies, considerable uncertainty remained. Stimulus packages had boosted demand and economic performance. However, without a sufficient increase in jobs and private investment, the global economy might well shrink once the effects of such packages wore off. The root causes of the crisis and systemic imbalances must therefore be addressed. In that connection, it seemed strange that IMF still prescribed counter-cyclical policies for the rich but pro-cyclical policies for the poor, particularly when pro-cyclical policies could exacerbate economic downturns.

11. While individual countries did indeed bear primary responsibility for their own development, donors were failing to meet their commitments on international development. Meanwhile, the tendency of the Group of 20 (G-20) to issue instructions with direct implications beyond its constituency was unacceptable. With regard to the recent expression of support by the G-20 for a shift in IMF quota share of at least 5 per cent towards dynamic emerging market and developing countries, he said that any shift in IMF quota share must ensure that all developing countries benefited.

12. In his delegation's view, the recent boom and bust in commodity prices had been due not to market fundamentals but to excessive speculation brought on by a lack of supervision and regulation in major financial centres. Such fluctuations deprived commodity-dependent economies of much-needed stability and predictability, undermining their ability to pursue development and poverty reduction. They had also exacerbated the effects of the global food crisis. The real reasons behind such fluctuations must be addressed as a matter of urgency. A comprehensive data reporting system and cooperative arrangements among commodity producers and users, while welcome, would be sufficient only if accompanied by a well-designed and well-implemented regulatory mechanism.

13. **Mr. Escalona Ojeda** (Bolivarian Republic of Venezuela) said that the international financial institutions had been created not to promote democracy and equality among nations but rather to perpetuate the military and financial supremacy of certain countries. Consequently, the decisions taken by those institutions tended to serve the interests of capitalism, while penalizing the countries of the South. The international financial system and the system of global economic governance must be reformed as a matter of urgency.

14. Gradually, the international community was forging a new vision based on complementarity, solidarity and international cooperation. The problem of external debt required global solutions, including measures to reduce or cancel debt so as to free up resources for development and poverty eradication and help countries attain the Millennium Development Goals. Developed countries must honour their commitment to allocate 0.7 per cent of GNI as ODA.

15. Lastly, he stressed the importance of agricultural trade policies that took account of developing countries' specific food security and rural development needs and of special and differential treatment in that regard. An autonomous farming industry and food self-sufficiency were essential to achieving food security, eradicating poverty and creating viable rural employment. Developing countries had met their

commitments in that regard. Now it was time for developed countries to meet theirs.

16. **Mr. Momen** (Bangladesh) said that the various crises currently facing the world were already having a significant social, economic and political impact. Rather than waste any more time on academic exercises, the international community should address the consequences of those crises. If countries were to stay on track to attain the Millennium Development Goals, a comprehensive policy response was needed. The international financial system must be overhauled and a renewed commitment to liberalizing international trade undertaken.

17. Only a handful of developed countries had met the target of 0.7 per cent of GNI as ODA to developing countries and 0.15 to 0.20 per cent of GNI as ODA to least developed countries. As a result, economic growth, employment and development, as well as the attainment of the Millennium Development Goals, were but a distant dream. The Committee must call for the commitments made in Monterrey to be honoured as a matter of urgency.

18. Developed countries should provide immediate, predictable and duty- and quota-free access for all least developed country products. At the same time, a clear time frame and clear procedures for achieving full market access for the least developed countries should be established and a mechanism for monitoring implementation of market access-related commitments adopted.

19. It was ironic that the least developed countries were marginalized not only in North-South trade, but also, increasingly, in South-South trade. Developing countries should provide duty- and quota-free access to least developed country commodities and services. Only then could such issues be discussed with developed countries. He called for an early conclusion of negotiations on the Generalized System of Preferences, which all developing countries should join.

20. A successful conclusion of the Doha Round required a concrete outcome on services negotiations. Global services exports had grown substantially, but the share of the least developed countries remained the same. Moreover, service providers in those categories for which such countries enjoyed a comparative advantage encountered a variety of restrictions when they sought access to other countries. Priority must be given to modes of supply and sectors that were of interest to the least developed countries. Developed countries must open their markets to least developed country service providers under mode 4 of the General Agreement on Trade in Services.

21. While Bangladesh was on track to attain some of the Millennium Development Goals by 2015, it had been forced to use resources originally intended for projects relating to those Goals to address the global economic recession and financial meltdown, food and fuel insecurity, and climate change. The pace of progress had therefore slowed.

22. Adjustment costs resulting from, inter alia, preference erosion, loss of tariff revenue, loss of employment and the expiry of the Agreement on Textiles and Clothing were eating into Bangladesh's net trade gain. As markets were liberalized and tariffs lowered, preference margins were eroded. Affected countries must be fully compensated and a mechanism for mitigating the negative effects of sectoral tariff initiatives introduced.

23. He called for focused assistance on trade capacity-building and the effective implementation of the Aid for Trade Initiative. Increased contributions to the Integrated Framework Trust Fund were also critical.

24. The least developed countries should have access to modern technology and know-how. The current international intellectual property regime favoured the producers and holders of intellectual property rights, most of whom were from developed countries, thereby widening further the knowledge gap between rich and poor. He called for a regime that helped poorer countries meet their development goals. The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) should make the disclosure of the source and origin of biological resources and associated traditional knowledge mandatory.

25. Developing country debt was soaring. Consequently, resources that could have been spent on social sectors were being used to service debt. Debt sustainability should be redefined as the level of debt at which it would still be possible to achieve the Millennium Development Goals without acquiring new debt. Noting that such a definition would require debt relief, he welcomed the renewed commitment by the G-20 to cancel the debt of certain heavily indebted

poor countries. Debt relief, however, should supplement other resources and should not erode the overall financial integrity of IMF and the International Development Association (IDA) or create an additional burden for the least developed countries.

26. The Bretton Woods institutions should do more to help countries meet the Millennium Development Goals. To that end, IDA should become an all grants facility and the least developed countries should be given greater policy space. The Bretton Woods institutions should increase developing country representation and adopt a new quota formula that took account of developing country GDP in terms of purchasing power parity, vulnerability to price fluctuations, volatility of capital flows and other exogenous shocks. Better representation of developing countries at the staff and senior management levels was also vital.

27. It was difficult for countries with weak institutions to ensure that aid was used effectively. Absorptive capacity was another problem. In an effort to improve governance, his Government had taken steps to minimize waste, inefficiency and corruption across the board and, in consultation with its development partners, had adopted a new approach to ensure that aid was used more effectively. The results were spectacular; for example, the World Bank had given the Government permission to reallocate aid among projects.

28. Lastly, the failure of the Doha Round was a major setback that entailed huge costs for developing countries. Negotiations must be resumed as a matter of urgency. In the meantime, certain development deliverables — such as duty-free and quota-free treatment of goods from the least development countries, and the opening of the services sector — should become operational on a fast-track basis.

29. **Ms. Stewart** (International Labour Organization (ILO)) said that discussions on macroeconomic policy issues must give due consideration to employment. Because of continued labour market deterioration, global unemployment might reach a record high as a result of the crisis. Countries must spur economic growth, slow the rapid increase in unemployment and accelerate a job-rich recovery.

30. While some markets were showing signs of recovery, overall labour market distress remained acute. And, since the world's labour force grew by some 45 million every year, job creation must be sufficient not only to reduce unemployment but also to absorb the natural increase in the labour force. Policy measures must therefore focus on both economic and employment recovery. Any alternative that led to a jobless recovery was economically, socially and politically unsustainable. The bold measures taken by some countries to boost economic recovery must be matched by equally bold measures on employment. Ultimately, rescue packages would be judged by their ability to generate jobs and protect incomes.

31. The crisis had demonstrated that inherent weaknesses in the international financial architecture affected its capacity to support sustainable enterprises and employment generation. Before the crisis, many countries had prioritized their finance sector over sustainable enterprises and decent work generation in the real economy. Such a pattern could not continue. It was not enough to stabilize financial markets and to raise the rate of output growth. Rather, financial markets must serve the real economy, ensure credit flow to enterprises, and fuel production and jobs.

32. She stressed the need for strong, sustainable and balanced global growth that created decent work opportunities was important and could ensure that priority was given to reducing poverty and inequalities. Multilateral finance and development assistance should also be made available for countries needing to engage in counter-cyclical policies. Evidence showed that countries that had invested in social protection systems and had supported employment had experienced less damage than those that had not. In that regard, she drew attention to the ILO survey entitled "Protecting people, promoting jobs".

33. It was time to review international policies, institutions and practices that had contributed to the crisis. The Decent Work Agenda was a practical reminder of the need to maintain a balance between economic, financial and social concerns. The Global Jobs Pact adopted by ILO in June 2009 presented an integrated portfolio of tried and tested policies that put employment and social protection at the centre of crisis response. Many countries had begun to implement those policies, which could be useful at all levels. ILO stood ready to assist constituents in adapting the Pact to reflect realities on the ground. Moreover, it would continue to promote greater coherence and convergence on employment, financial and trade policies as well as among international organizations in

order to forge an effective response to the crisis, based on the central objectives of the Decent Work Agenda.

34. **Mr. Mchumo** (Observer for the Common Fund for Commodities) said that the Common Fund for Commodities had been established some 20 years earlier with a view to helping commodity-dependent developing countries enjoy better terms of trade, expand and diversify their productive capacity and trade, and increase their export earnings. While the structure of commodity markets had changed considerably since then, the structure and level of many such countries' exports had not. Consequently, their performance had been disappointing when compared to that of other developing countries.

35. Commodity price volatility was an inherent characteristic of a liberalized market and would only be accentuated by the so-called financialization of commodity markets. Generally speaking, commodity price volatility disproportionately affected the poorest market participants — in other words, commodity-dependent developing countries themselves, where people were poorly equipped to maintain production in the event of external shocks and where most commodities were produced by smallholders, one of society's most vulnerable groups.

36. The Common Fund had been established, inter alia, to address commodity price volatility through buffer stock management. However, the buffer stock scheme had never become operational and the issue of price volatility remained unresolved. In the absence of a global mechanism, the Common Fund currently financed short-term country-based warehouse receipts projects and price risk management schemes. Such initiatives were limited to a particular commodity in a single country or region. It was time for the international community to provide commodity producers with the predictability and fairness they needed by designing innovative mechanisms for enforcing commodity price stability.

37. Just as the global economic and financial crisis had affected the commodity sector, global economic recovery depended on structural improvements to the commodity sector. He was pleased to note that the nexus between improved commodity production, trade and marketing and global economic recovery — which often went unrecognized in economic recovery analyses and plans — was given due recognition in the UNCTAD secretariat's report (see A/64/184).

38. Recognizing the need for a comprehensive global strategy to address structural issues relating to commodities, the Common Fund had partnered with UNCTAD, the United Nations Development Programme (UNDP) and the Secretariat of the African, Caribbean and Pacific Group of States to launch the Global Initiative on Commodities, which brought together stakeholders from around the world to stress the importance of commodities for development. The Common Fund viewed the Global Initiative as the first step in a sustained effort to reach a global consensus supported by all stakeholders and spearheaded by political and economic decision makers at the highest level.

39. The Global Initiative sought to address, in particular, the supply capacity limitations facing commodity producers, the lack of diversification in their production and export base, their low level of participation in the value chain and the need for an enabling international environment. He agreed that the collective response to the current crisis must include policies that both addressed the longer-term structural issues of the commodity economy and integrated commodity policies into wider development and poverty reduction strategies, and that the international community could actively contribute to that end by making renewed efforts to build consensus, in particular at the intergovernmental level (see A/64/184, summary). However, for that to happen, it was necessary to mobilize support for such a consensus among commodity stakeholders. Only then would the commodity agenda be advanced and the systemic issues affecting commodities be addressed.

40. To meet the Common Fund's need for increased resources, the international community should implement General Assembly resolutions calling for the resource base of the Fund's Second Account to be strengthened and should stand ready to replenish the Fund's resources when its third five-year action plan (2008-2012) came to an end. Through a collective effort, the commodity sector could become a major engine for growth in developing countries.

The meeting was suspended at 11.05 a.m. and resumed at 11.10 a.m.

41. *Mr. Mohamed Cherif Diallo (Guinea), Vice-Chairperson, took the Chair.*

Agenda item 58: Operational activities for development (A/64/75-E/2009/59 and A/64/375-E/2009/103 and Corr.1 and Add.1)

(a) Operational activities for development of the United Nations system (A/64/164)

(b) South-South cooperation for development (A/64/321)

42. **Mr. Seth** (Director of the Office for Economic and Social Council Support and Coordination) introduced the report of the Secretary-General entitled "Comprehensive statistical analysis of the financing of operational activities for development of the United Nations system for 2007" (A/64/75-E/2009/59). He drew attention to four main trends: funding flows were entering a period of increased volatility; core resources still accounted for under 30 per cent of total contributions; non-core resources had become highly fragmented, undermining the coherence and efficiency of the United Nations development system; and the targeting of support to the least developed countries had improved.

43. The work of the Department of Economic and Social Affairs was guided by the notion that the transparent and comprehensive overview of funding sources and expenditures could lead to improved governance. In September 2009, the General Assembly had requested the Secretary-General to create a central repository of information on operational activities for development. The repository would be part of a system-wide financial database and reporting system to be developed by the United Nations System Chief Executives Board for Coordination (CEB).

44. At the same time, the Department was making every effort to improve the coverage, timeliness and quality of financial reporting relating to United Nations operational activities for development. It would work closely with its United Nations system partners to address the lack of disaggregated data on non-core resource flows and to enhance the compatibility of the data contained in the report. It would also make information available online in an effort to promote more informed debate during the operational activities segment of the Economic and Social Council's substantive session in July and at Second Committee meetings during the General Assembly. As a result, the release of aggregate figures would be advanced by one year and the publication of disaggregated statistics by at least nine months.

45. The most urgent priority for United Nations development cooperation was to have an adequate, predictable and stable funding base that was responsive to programme countries' national development plans. The quality and quantity of funding was central to the United Nations system's ability to respond coherently, effectively and efficiently to developing countries' changing needs and priorities. The Department of Economic and Social Affairs was committed to improving financial reporting relating to United Nations operational activities for development and looked forward to continued guidance from Member States in that regard.

46. **Mr. Zahran** (Vice-Chairman of the Joint Inspection Unit (JIU)) introduced the report of JIU entitled "National execution of technical cooperation projects", as contained in document A/64/375-E/2009/103 and Add.1. CEB members had welcomed the report and had expressed overall agreement with the recommendations contained therein. In that connection, he recalled paragraph 10 of resolution 63/272, in which the General Assembly reiterated its invitation to the legislative organs of the participating organizations to take concrete action on the recommendations of JIU.

47. **Mr. Kenneth** (Senior Adviser on Information Management Policy Coordination, United Nations System Chief Executives Board for Coordination (CEB)) presented the comments of the Secretary-General and of CEB on the report of JIU, as contained in document A/64/375/Add.1-E/2009/103/Add.1.

48. **Ms. Alberdi** (Executive Director of the United Nations Development Fund for Women (UNIFEM)) said that the international community stood on the threshold of a new era in which gender equality and women's empowerment were recognized as central to development and peace. Only recently, the General Assembly had adopted resolution 63/311 on system-wide coherence, which expressed support for consolidating the four United Nations gender-specific entities (UNIFEM; the Office of the Special Adviser on Gender Issues and Advancement of Women; the Division for the Advancement of Women; and the International Research and Training Institute for the Advancement of Women (INSTRAW)) into one composite entity, backed by substantial resources and led by an Under-Secretary-General. The Security Council had adopted resolutions 1888 (2009) and 1889 (2009) requesting the Secretary-General, respectively,

to appoint a Special Representative to address sexual violence in armed conflict and to submit a set of indicators to track implementation of its resolution 1325 (2000) and monitor the impact of armed conflict on women and girls and the gender dimensions of peace processes.

49. Guided by its strategic plan, 2008-2013 (DP/2007/45), UNIFEM worked with governments, civil society and United Nations partners to strengthen women's economic security and rights, end violence against women, reduce the prevalence of HIV and AIDS among women and girls and advance gender justice in democratic governance. The report on the activities of the United Nations Development Fund for Women, contained in document A/64/164, reviewed progress in each of those areas. In its work, UNIFEM was guided by General Assembly resolution 62/208 on the triennial comprehensive policy review, including its recommendation that the United Nations development system should "avail itself of the technical experience of UNIFEM on gender issues".

50. UNIFEM activities were closely linked to the work of the Second Committee in three areas: United Nations reform, partnerships and resources. In the first area, UNIFEM chaired the United Nations Development Group's Working Group on Programming Issues and its Task Team on Gender Equality, and was now a member of all Regional Directors' Teams. The Task Team had prepared a set of indicators for gender equality, and thus far 25 United Nations country teams had undertaken assessments using those indicators, also making use of a help desk set up by UNIFEM.

51. Through its presence in the eight delivering as one pilot programmes, UNIFEM was learning key lessons about how country teams could better deliver as one on gender equality. Since 2004, UNIFEM had been working with the Development Operations Coordination Office to monitor changes in reporting on gender-related initiatives. Over that period, the number of country teams reporting on gender equality initiatives had doubled, the number of recorded gender theme groups had nearly tripled, and the number of country teams reporting on initiatives to end violence against women had nearly quadrupled.

52. Partnerships with governments, civil society, regional organizations, and United Nations organizations were the cornerstone of the Fund's work. It supported national machineries for the advancement of women and women's networks in driving policy and practice on gender equality and was forging an increasing number of partnerships with ministries of finance and planning, electoral commissions, military and law enforcement personnel, the justice system, faith-based organizations and groups of men and boys.

53. The participation of UNIFEM in a growing number of global, regional and national partnerships helped countries to lower transaction costs and make optimal use of the unique capacities of United Nations entities. In 2008, joint UNDP/UNIFEM assistance to 18 countries had led to stronger gender equality commitments in national development plans and poverty reduction strategies. The Fund also worked closely with the International Labour Organization and the European Commission in 12 countries to develop indicators for tracking allocations to gender equality in the context of aid effectiveness. In partnership with the United Nations Population Fund (UNFPA), UNIFEM had expanded its work on linking gender-responsive budgeting to reproductive health policies and programmes. It was also working with UNFPA and the Office of the Special Advisor on Gender Issues to develop indicators for national action plans on implementing Security Council resolution 1325 (2000).

54. There was an indisputable need for a major increase in resources to meet the growing demand for expertise and services to advance gender equality. The United Nations Trust Fund in Support of Actions to Eliminate Violence against Women had received requests totalling nearly $900 million in 2009 but as of the beginning of October had only $12 million to disburse. UNIFEM received far more requests than it could handle for help with gender-responsive budgeting, particularly as the countdown to the 2015 target for achieving the Millennium Development Goals (MDGs) began. Despite warnings in *The United Nations Millennium Development Goals Report 2009* that Goal 5 on improving maternal health was the one towards which the least progress had been made, maternal health programmes remained seriously underfunded.

55. Addressing the abuse of women's human rights and persistent gender discrimination required coordinated action. Increasingly, the United Nations system was taking an inter-agency approach to addressing the causes and consequences of gender inequality, but progress would remain haphazard unless

those who drove the gender equality agenda had greater authority and resources.

56. **Mr. Gitta** (Chief, Division for Policy Dialogue and Advocacy, Special Unit for South-South Cooperation, United Nations Development Programme (UNDP)), referring to the report of the Secretary-General on the state of South-South cooperation (A/64/321), said that new opportunities for enhancing South-South cooperation had been born of concerted policy responses by developing countries to the food, energy and financial crises, and to climate change. Those initiatives, often led by the Group of 77 and China, defined a new agenda for South-South cooperation. In addition, the international community was making greater use of South-South cooperation as a framework for building partnerships.

57. Regional integration efforts continued to be the main meeting point for South-South cooperation. Benefits from rising flows of South-South trade and investment tended to be concentrated in places where countries worked closely with their neighbours to coordinate policies dealing with public goods that attracted domestic and foreign investments. It was that form of South-South cooperation that helped pool private and public capital to create jobs, reduce poverty and build prosperous regional neighbourhoods that were better positioned to meet the Millennium Development Goals.

58. In the face of a deteriorating global economy, many developing countries now looked to one another to facilitate market recovery and ensure greater stability at the global and local levels, often through such untraditional forms of South-South cooperation as debt relief, credit lines, soft loans and investments in infrastructure development. The overall trend prior to the current economic crisis had shown a remarkable rise in South-South trade, finance and investment flows. Foreign direct investment (FDI) had become a significant source of financing for many least developed countries: indeed, more than 40 per cent of FDI from developing countries went to least developed countries (A/64/321, para. 7). However, South-South foreign direct investment could fall markedly if the current global recession were to persist.

59. In order to prevent the loss of the development achievements gained over the past decade, the Secretary-General called upon the international community, including the United Nations development system, to orient South-South efforts towards achieving the internationally agreed development goals, including the MDGs; to intensify multilateral support for South-South cooperation initiatives to address common development challenges; to foster inclusive partnerships for South-South cooperation, including triangular and public-private partnerships; to improve the coherence of United Nations system support for such cooperation through closer inter-agency collaboration; and to encourage innovative financing mechanisms for South-South cooperation.

60. **Mr. Hassani Nejad Pirkouhi** (Islamic Republic of Iran) asked whether there was any particular methodology in place for collecting and presenting data on South-South cooperation. The report did not seem to be comprehensive or systematic in that regard. He noted that "Gulf" should have been "Persian Gulf" in paragraph 39 of the report, consistent with the United Nations editorial directive providing that the full term "Persian Gulf" should be used when it was first referred to in a text and repeated thereafter whenever necessary for the sake of clarity (ST/CS/SER.A/29/Rev.1, para. 1).

61. **Mr. Gitta** (Special Unit for South-South Cooperation) replied that a specific methodology had not yet been adopted, but that pursuant to a request from the UNDP Executive Board, work was in hand to develop one. He apologized for any errors in geographical nomenclature and said that they would be corrected.

62. **Mr. Seth** (Director, Office for ECOSOC Support and Coordination) added that the criteria governing South-South cooperation were not the same as those for North-South cooperation, which might be considered traditional development cooperation. That meant that there was an analytical gap, particularly in methodology and data gathering. Work was in hand to define criteria for South-South cooperation and to determine effective forms of data collection. It was hoped that the work would be completed on time for the Development Cooperation Forum to be held in July 2010.

63. **The Chairperson** invited the Committee to engage in a general discussion on the item.

64. **Mr. Daoud** (Sudan), speaking on behalf of the Group of 77 and China, set out a number of views on the system-wide policy orientations for development cooperation contained in General Assembly resolution

62/208. First of all, operational activities should be carried out for the benefit of recipient countries, at the request of those countries and in accordance with their own policies and priorities for development. Second, United Nations operational activities for development must retain their universal, voluntary and grant characteristics, and their neutrality and multilateralism, as well as the ability to respond flexibly to the development needs of programme countries. Third, recognition of national leadership should be a guiding principle of operational activities by the United Nations system, the Bretton Woods institutions and bilateral donors, which should align their cooperation programmes with national development strategies and harmonize their individual cooperation programmes in order to make the optimum contribution to the realization of national development strategies. Any savings gained by streamlining resulting from a system-wide coherence exercise should be reinvested in development activities rather than diverted elsewhere.

65. Furthermore, there should be no restrictions on the freedom of sovereign national governments to determine their own development priorities or select their development partners, or on the type of relationship they wished to establish with United Nations development entities at the country level.

66. The Group of 77 and China was concerned that there had been no significant improvement in the adequacy and predictability of funding for operational activities, a situation that was now exacerbated by a number of new challenges such as the economic and financial crisis, the food crisis and climate change. The Group urged the Secretary-General to continue his efforts to address the imbalance between core and non-core contributions. It also noted with concern that, since the Group of Eight (G-8) summit held in Gleneagles in 2005, ODA had increased at only half the rate required to meet the target of $130 billion by 2010. Hopefully, further implementation of General Assembly resolution 62/208 would lead to significant improvements in the funding of operational activities.

67. The Group of 77 and China stressed the importance of South-South cooperation for development, and looked forward to a successful outcome of the conference to be held in Nairobi in December 2009, to mark the thirtieth anniversary of the Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries. The Group drew attention to the conceptual framework and principles of South-South cooperation contained in the Yamoussoukro Consensus and reaffirmed by the thirty-third Annual Meeting of Ministers for Foreign Affairs of the Group of 77 held at United Nations Headquarters on 25 September 2009.

68. **Mr. Fries** (Sweden), speaking on behalf of the European Union; the candidate countries Croatia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process countries Albania, Bosnia and Herzegovina, Montenegro and Serbia; and, in addition, Armenia, Republic of Moldova and Ukraine, observed that the impact of the current global crises on the achievement of the Millennium Development Goals and the need for greater support to the developing countries had been a frequent theme of the Committee's early debates during the current session. It was particularly pertinent to ask what more the United Nations could do in that regard during the discussion of operational activities for development. It was through the impact of its work on the ground that the United Nations could add most value to national efforts towards the achievement of the MDGs.

69. The European Union was convinced that the delivering as one approach offered great promise of creating a United Nations system that was efficient, effective and aligned behind developing country priorities. The reports from the eight pilots had yielded clear evidence of positive results. While it was pleasing to see an increasing number of countries voluntarily adopting the delivering as one approach and adapting it to their national circumstances, greater progress was clearly necessary in order for countries to reap the full benefits of a coherent and effective United Nations system.

70. To that end, the Resident Coordinator system needed to be strengthened. Considerable improvements had been made, including in the area of accountability, but a strategy for the provision of sustainable and adequate resources for the Resident Coordinator system should also be developed. The strategy should include options for contributions by United Nations agencies, since the Resident Coordinator system was providing services and support to the whole United Nations system. Since the functioning of the system depended to a large extent on the personal characteristics of the Resident Coordinator, the ability of the United Nations system to attract and retain the

best qualified candidates for those positions should be enhanced, particularly in countries emerging from conflict or subject to a complex mix of humanitarian and development pressures.

71. There was also a need to harmonize and simplify business practices, both at United Nations Headquarters and at country level. The European Union welcomed the Plan of Action of the United Nations System Chief Executives Board for Coordination and called for its swift implementation (General Assembly resolution 63/311, para. 21). The United Nations system should prioritize those changes that would be of greatest benefit to its work at country level. The Union looked forward to the Secretary-General's proposal on modalities for the submission and approval of common country programmes (General Assembly resolution 63/311, para. 7) and underscored the need to continue to reduce the reporting burden on United Nations country teams, including by harmonizing agency-specific reporting requirements.

72. To maximize the benefits of delivering as one, funding must be provided in a way that promoted coherence between United Nations agencies. As indicated in the report of the Secretary-General, system-wide instruments and pooled funding mechanisms were becoming increasingly important (A/64/75-E/2009/59, paras. 9 and 98). The European Union recognized their usefulness and would welcome additional analysis by the Secretariat on the impact of those funds and their complementarity with other funding instruments.

73. The European Union looked forward to the country-led evaluations of the delivering as one pilots, and to the independent evaluation called for by General Assembly resolution 62/208 (para. 139). In line with the principle of national ownership and government leadership, the European Union believed that the outputs from the country-level evaluations should inform the independent evaluation process.

74. The European Union welcomed the support expressed in General Assembly resolution 63/311 for the consolidation of existing gender entities into one composite gender entity headed by an Under-Secretary-General. That would bring much-needed improvements in the way the United Nations promoted women's rights and equal involvement of women and men in development and peacebuilding.

75. The Union also looked forward to constructively engaging in the other areas of the system-wide coherence process, including governance and funding of United Nations operational activities. It fully supported the objective of achieving an adequate, predictable and stable funding base for United Nations operational activities, while recognizing that the issue of balance between core and non-core resources needed to be addressed.

76. The European Union attached great importance to the principles of aid effectiveness. It welcomed the ongoing work by the United Nations development system to implement the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action and hoped that progress would continue to be achieved. South-South cooperation had much to gain from building on the principles of aid effectiveness. The European Union would continue to provide support, including through triangular cooperation.

77. While welcoming the improvements made thus far, the European Union encouraged the Secretariat to continue its efforts to improve its financial data and reporting system. In that connection, it noted the request to the Secretary-General to create a central repository of information on operational activities for development (General Assembly resolution 63/311, para. 16).

78. **Mr. Natalegawa** (Indonesia), speaking on behalf of the Association of Southeast Asian Nations (ASEAN), said that after a decade of work towards meeting the MDGs, many developing countries risked missing the 2015 deadline unless the entire international community made sustained and united efforts. The United Nations, through its operational activities, must continue to mobilize support and coordinate development assistance to the developing world, particularly in four key areas.

79. Firstly, adequate and predictable funding was necessary for the United Nations to discharge its responsibilities successfully. Commitments to increase funds for United Nations operational activities, while taking into account the national strategies and priorities of developing countries, must be fulfilled. Secondly, the United Nations should continue to provide leadership and guidance in its operational activities, while enhancing coherence, effectiveness and efficiency. Closer and strengthened cooperation between United Nations entities and counterparts at

country and regional levels was important. The experience of the eight countries that had volunteered to be delivering as one pilots must be thoroughly assessed, with a view to improving the mandates of operational activities for development and making United Nations development assistance more effective.

80. Thirdly, almost three years since publication of the report of the High-level Panel on System-wide Coherence, it was now time for Member States to proceed to practical discussions on possible deliverables, including with regard to governance, funding and the relationship between the Economic and Social Council and the governing bodies of the funds and programmes. And fourthly, there was an urgent need to simplify and harmonize the reporting system of the United Nations architecture.

81. Achievement of the MDGs also depended on how the United Nations responded to natural disasters and gender issues. In the face of devastating natural disasters, operational activities must be capable of providing immediate humanitarian and rehabilitation assistance to affected areas. Closer collaboration within the United Nations system as well as among Member States to build national and regional capacities, especially in early-warning systems, were important measures to complement broader disaster preparedness and mitigation initiatives. As for gender issues, ASEAN supported the efforts of UNIFEM to carry out its 2008-2011 strategy and encouraged the Fund to continue its advocacy for gender mainstreaming

82. Economic uncertainties, rising unemployment, protectionism and worsening poverty had given rise to more active cooperation among developing countries. South-South cooperation was an essential complement to the traditional North-South cooperation, contributing to the achievement of the internationally agreed development goals, including the Millennium Development Goals. The growing importance of South-South cooperation went hand in hand with the increasingly important role that developing nations were now playing in the global economy, as a number of them had become important global suppliers of goods in both technologically advanced and more traditional sectors. With their ability to share resources and deliver results at relatively low cost, those developing countries were expected to play a pivotal role in improving the development prospects of the least developed countries.

83. Although South-South cooperation required more support from the international community, in terms of financial assistance, sharing of knowledge and best practices, technology transfer and capacity-building, the ASEAN nations were committed to strengthening and widening South-South cooperation, by engaging in multilateral and bilateral initiatives and designing appropriate follow-up mechanisms. It was to be hoped that the forthcoming High-level Conference on South-South Cooperation to be held in Nairobi in December would provide an opportunity to introduce a South-South cooperation architecture based on the needs and priorities of developing countries, strengthen triangular cooperation, and establish a mechanism to monitor the delivery of the commitments made by the international community.

84. **Mr. Bart** (Saint Kitts and Nevis), speaking on behalf of the countries of the Caribbean Community (CARICOM), said that those countries remained ardent proponents of creating a more effective and efficient United Nations development system. As had been reaffirmed in General Assembly resolution 63/311 on system-wide coherence, strengthening of the governance of operational activities for development should focus on enhancing existing intergovernmental bodies. Further, CARICOM underscored the importance of ensuring adequate funding for operational activities for development on a timely and predictable basis, in line with the needs and priorities of developing countries.

85. CARICOM recognized that, at a time of economic crisis, maintaining and increasing levels of funding for operational activities became arduous; however, it was precisely at a time of crisis that increased financial contributions to the United Nations development system became more important than ever to allow completion of those development goals that were still to be achieved and prevent the reversal of progress made thus far.

86. CARICOM was still concerned at the persistent imbalance between core and non-core funding and at the lack of any real improvement in development effectiveness to justify the increasing cost of coherence and harmonization. He stressed the need to continue strengthening the United Nations Development Assistance Framework as a common programming tool, as well as the field-level capacity of teams that serviced multiple countries, usually small island developing States.

87. Although the Caribbean region accounted for a very small percentage of operational activities and expenditure by the United Nations development system, there had now been a significant increase in the need for such development activities in the region, which now faced myriad development challenges, particularly in the areas of environmental sustainability, adapting to climate change, food security and combating non-communicable diseases, crime and drug trafficking, all of them compounded by the impact of the current economic and financial crisis.

88. In comparison to other developing regions, the Caribbean countries received a very small percentage of ODA. Prior to the onset of the economic and financial crisis, the region's options for securing finance for development had been largely limited to foreign direct investment (FDI) and bilateral and multilateral lending agencies. With the onset of the crisis, those sources had all but dried up. CARICOM countries had been unable to obtain concessionary financing from development banks and multilateral lending agencies as access was determined by per capita GDP, which ranked many of the countries of the region as middle-income. As a result, the work of the United Nations development system in the region, however limited in scope, had become all the more crucial to achieving the region's development objectives and preventing a reversal of the development gains made thus far.

89. CARICOM was quite concerned at the reduction in resources to the region at both the programmatic and administrative levels, at a time when the Caribbean Regional Office of the United Nations Office on Drugs and Crime was on the brink of closure and the regional offices of the United Nations Development Fund for Women (UNIFEM), the United Nations Children's Fund (UNICEF) and other entities were being downsized. The countries of the Caribbean strongly urged the United Nations development system to recognize that such actions could jeopardize the modest development gains they had made. CARICOM urged development partners, developed country donors and others to recognize the extreme vulnerability of its member States to environmental degradation and external financial shocks, compounded by the worsening situation of crime in the region, including violence against women.

90. CARICOM had had a long and fruitful history of regional cooperation and therefore was a strong supporter of South-South cooperation for development. It was pleased that the Secretary-General's report had recognized its important role in the promotion of regional cooperation and economic integration (A/64/321, para. 35). Building on that strong history of cooperation, the States members of CARICOM remained committed to fully implementing the CARICOM Single Market and Economy (CSME) with the objective of achieving sustained economic development for their people. CARICOM looked to the United Nations development system and the international community for support in that ambitious and challenging undertaking.

91. **Ms. Blum** (Colombia) said that Colombia attached special importance to operational activities for development, which had an impact on the ground. In a complex international situation — marked by the economic crisis and its adverse impact on the achievement of the Millennium Development Goals — the importance of the United Nations funds, programmes and specialized agencies was evident. In that context, the General Assembly must treat the strengthening of operational activities as a high priority. That would require consolidation of a results-oriented culture, with greater transparency and effective accountability and a commitment to pursuing coherence across the United Nations system. Colombia acknowledged the progress achieved the previous year in the system-wide coherence process facilitated by the Ambassadors of Spain and Namibia, and expected the Assembly to continue to promote actions that would complement the decisions already taken.

92. Coherence should not be considered as an end in itself but rather as the basis for achieving greater effectiveness in the activities of the United Nations development system. She stressed the paramount importance of greater coordination with the Governments of recipient countries in order to align activities with specific national priorities and challenges. Improvements in its design and use, including through agreed and verifiable results indicators, made UNDAF a valuable instrument for creating coherence and effectiveness in operational activities.

93. A financial basis that was stable, sustainable and had an adequate balance between core and non-core resources was also essential to the achievement of the agreed objectives. In the Secretary-General's report on the comprehensive statistical analysis of the financing

of operational activities, Colombia was listed as one of the top five contributors to the system in terms of local resources, which was a reflection of the country's confidence in United Nations activities to spur development. However, it should also be noted that the allocation of core resources for programming and coordination activities was lowest in the Latin American and Caribbean region, which also had the lowest ratio of core resources to non-core resources.

94. While fully recognizing the urgency of stronger cooperation to ensure progress towards the MDGs in the regions of the world that were lagging behind, Colombia nonetheless called for greater acknowledgment of the specific needs of middle-income countries. Those countries, where over half the world's poor lived, needed adequate levels of international support and cooperation for the tremendous efforts they were making to overcome internal asymmetries in their development. She drew attention to the multiplier effect of development in middle-income countries.

95. In recent years Colombia had significantly increased its participation in South-South cooperation initiatives, in such areas as the environment, energy and population issues. Colombia believed that it was crucial to continue strengthening the dialogue among all relevant actors with a view to further enhancing operational activities for development and valued the potential for complementarity between the processes of the United Nations system and other multilateral initiatives, including with regard to aid effectiveness.

96. **Mr. González Segura** (Mexico), speaking on behalf of the Rio Group, observed that the Secretary-General's report on the comprehensive statistical analysis of the financing of operational activities for development demonstrated very clearly that the various United Nations funds and programmes depended on a very limited number of donors. The growing imbalance between core and non-core funds allocated to the system was also evident. That imbalance was one of the main concerns of developing countries as it affected the predictability of resources needed to finance their various development activities. The Rio Group urged the developed countries to increase their contributions to core funds, the cornerstone of United Nations operational activities. At the same time, reduced overhead on financial flows would ensure that the funds actually spent on a development project or at programme country level were in fact the amounts allocated for that purpose.

97. Turning to the report on the activities of the United Nations Development Fund for Women (contained in a Note by the Secretary-General, document A/64/164), he expressed the Rio Group's concern regarding the implementation of recommendation No. 17 of the UNIFEM Consultative Committee. The recommendation requested UNIFEM to provide an analysis of the criteria for resource allocation for review by the Consultative Committee; however, the report proposing new methodologies for allocating funds to UNIFEM (DP/2009/38), which had been examined at the September session of the UNDP/UNFPA Executive Board, exceeded the mandate given by recommendation No. 17. The Rio Group concurred with the sentiment of the UNDP/UNFPA Executive Board that the Consultative Committee should continue to study that important matter.

98. The Rio Group welcomed the recent adoption of a resolution on the United Nations Conference on South-South Cooperation, to be held in Nairobi in December. It looked to the Conference to produce an intergovernmentally agreed outcome that took into account the contributions that South-South cooperation could make to social justice and to the promotion of social integration policies guaranteeing equality, mutual respect and consideration among States in the global system. It also hoped that smaller delegations, mainly from the developing countries, would have a say in the negotiating process.

99. South-South cooperation was complementary to North-South Cooperation but not a substitute for it. In no way did it exempt donor countries from their responsibilities and commitments towards developing countries. In conclusion, he stressed the urgent necessity for UNDP to allocate appropriate financial resources to the Special Unit for South-South Cooperation.

The meeting rose at 1.05 p.m.

United Nations A/C.2/64/SR.11

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Chairperson: Mr. Mohamed Cherif Diallo (Vice-Chairperson) . . . . . (Guinea)

Contents

Agenda item 58: Operational activities for development (*continued*)

(a) Operational activities for development of the United Nations system (*continued*)

(b) South-South cooperation for development (*continued*)

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09-55743 (E)

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In the absence of Mr. Park In-kook (Republic of Korea), Mr. Mohamed Cherif Diallo (Guinea), Vice-Chairperson, took the Chair.

The meeting was called to order at 3.10 p.m.

Agenda item 58: Operational activities for development (*continued*) (A/64/75-E/2009/59, A/64/375-E/2009/103, A/64/375/Corr.1-E/2009/103/Corr.1 and A/64/375/Add.1-E/2009/103/Add.1)

(a) Operational activities for development of the United Nations system (*continued*) (A/64/164)

(b) South-South cooperation for development (*continued*) (A/64/321)

1. **Mr. Gunda** (Malawi), speaking on behalf of Malawi, Mozambique, the Netherlands, Norway, Rwanda, the United Kingdom of Great Britain and Northern Ireland and the United Republic of Tanzania, commended the role the United Nations had played in responding to the multiple crises the world faced and encouraged donors to meet their aid commitments towards achievement of the Millennium Development Goals (MDGs), but noted that increased and improved funding was only part of the solution. The United Nations development system could still be made more effective and efficient. As the stocktaking exercise from the "Delivering as One" pilot initiative had shown, reforms were helping the United Nations to become more relevant and responsive to the needs of programme countries. The Organization's Headquarters still needed to catch up, however. Countries that chose to deliver as one must be able to approve their plans through a single decision, and that would require structural changes. The stocktaking exercise had also shown a need to reduce country teams' reporting burden, to ensure that the United Nations funding system was made responsive to the needs of recipient countries, and to promote coherence. He looked forward to the outcome of the meeting to be held in Kigali to review the pilot initiative, as the country-led evaluations and independent evaluation would provide important new evidence of progress made and challenges ahead, and help drive the reform process forward.

2. The Resident Coordinator system should be further strengthened, as mandated under the triennial comprehensive policy review; every United Nations agency needed to implement the proposals in that respect. It was also critical to appoint the right people with the right skills to their posts in time, especially in countries just emerging from conflict. On business practice harmonization, he called for swift implementation of the plan of action of the Chief Executives Board for Coordination (CEB).

3. **Mr. António** (Mozambique), speaking on behalf of the countries of the Southern African Development Community (SADC), said that despite the positive trends in contributions for United Nations operational activities, more predictable and adequate funding for the United Nations system for development was needed, particularly for core operational programmes. In that regard, in preparation for the 2010 high-level meeting to review progress on the MDGs, immediate steps and concrete action were needed to boost official development assistance. SADC called upon developed countries that had not yet done so to make concrete efforts to reach the target of 0.7 per cent of their gross national product (GNP) as official development assistance (ODA) to developing countries and the Brussels Programme of Action target of 0.15 to 0.2 per cent to the least developed countries.

4. South-South cooperation was an important vehicle for technology transfer and capacity-building, but was not a substitute for North-South cooperation, and should be reinforced through triangular cooperation. While the efforts of the United Nations in disaster response were commendable, a review was needed to improve their coordination, efficiency and effectiveness, bearing in mind that the various United Nations agencies had different roles to play in disaster management and recovery. There was still room for improvement in both programming and funding modalities for United Nations humanitarian assistance. The Consolidated Appeals Process monitored by the Office for the Coordination of Humanitarian Affairs was a fundamental tool for resource mobilization for emerging crises, and a strategic and planning instrument for future crises.

5. SADC hoped that the recommendation by the Secretary-General to build a comprehensive and sustainable financial data and reporting system for operational activities for development could help bring greater coherence and synergy among United Nations agencies, funds and programmes, and help harmonize contributions of the United Nations system and the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD).

09-55743

Efforts towards standardizing data and statistical practices should also be strengthened and combined with the current reform process aimed at bringing greater coherence to the United Nations system, in particular at the country level. SADC fully endorsed the Secretary General's recommendations towards a comprehensive and sustainable United Nations system-wide financial data and reporting system.

6. **Mr. Liu Zhenmin** (China) said that in order to address the severe difficulties and challenges in the light of the international financial crisis and the deteriorating development environment of developing countries, top priority must be given to poverty reduction and development. Development agencies should help developing countries enhance their own development capacity and explore models of development best suited to their national situations. Furthermore, fund-raising efforts must be rapidly increased so as to provide the United Nations development system with adequate, stable and predictable core resources. The recent decline in core resources had weakened the supervisory role of the governing bodies of the funds and programmes. Thus, developed countries needed to fulfil their commitment of allocating 0.7 per cent of their GNI as ODA and increase contributions to those core resources. Also, capacity-building in developing countries must be central to United Nations development activities. In that respect, developed countries should lower artificial barriers to technology transfer, while recipient Governments should play a greater coordinating role in designing the United Nations Development Assistance Framework (UNDAF) and formulate capacity-building plans according to the specific needs and conditions of recipient countries, rather than focusing solely on good governance or combating corruption at the expense of more urgent issues such as poverty reduction and development.

7. United Nations funds, programmes and agencies should also provide additional resources to developing countries for climate change adaptation, and continue to explore effective mechanisms for technology transfer and dissemination. Developing countries must be able to afford and have access to climate and environmentally friendly technologies. Reform of operational activities for development should take into account the specific conditions and needs of recipient countries rather than impose a one-size-fits-all model.

8. The United Nations should also strengthen its support for South-South cooperation and the capacity-building of the relevant mechanisms and agencies, and adopt pragmatic measures to enhance the role of the High-level Committee on South-South Cooperation and Special Unit for South-South Cooperation.

9. China would continue in its efforts to strengthen unity and cooperation with other developing countries. It remained firmly committed to implementation of all initiatives to assist Africa and would endeavour to increase aid to Africa, reduce or write off its debts and expand trade with and investment in the continent.

10. **Mr. Matwang'a** (Kenya) stressed the importance of the triennial comprehensive policy review as a guiding framework for operational activities and welcomed the recent reforms of the United Nations operational activities to ensure improved coordination, coherence, effectiveness and efficiency of funding and other programme activities. The international community must provide the United Nations with adequate funding to enable it to perform its operational functions effectively, especially since the world economic and financial crisis had increased the need for it to be involved in economic and financial decision-making. Operational activities should address the critical challenges facing developing countries, such as poverty eradication and the achievement of internationally agreed development goals, including the MDGs, in line with countries' national development strategies and plans.

11. South-South cooperation was an important mechanism for promoting the development of countries, and was complementary to North-South interaction. Development partners and the United Nations played a significant role in promoting and nurturing that cooperation. Kenya fully supported the recommendations in the Secretary-General's report (A/64/321), including those on renewal of the international community's commitments to South-South and triangular cooperation, increased multilateral support for South-South-based development and strengthened inter-agency collaboration, and enhanced sharing of information and experience on innovative partnerships, facilities and funding among partners. Progress in those areas required capacity-building and strengthening of the Special Unit for South-South Cooperation. He also stressed the importance of the High-level Conference on South-South Cooperation that his country would be hosting in December 2009.

12. **Mr. Sergeev** (Belarus) said that a key principle of operational activities for development was constructive

dialogue which took account of the differing approaches of recipient countries: discrimination based upon subjective assessments of their policies was unacceptable. The work to reduce administrative costs, while commendable, should be accompanied by an increase in donor contributions to the United Nations budget for development. Operational activities must be improved from the bottom up.

13. Middle-income countries were crucial to ending the economic crisis. There were more than 100 such countries, and they represented enormous economic potential and growth opportunities. Recovery and the achievement of the MDGs largely depended on them. It was time to discuss ways in which the operational agencies of the United Nations could cooperate with those countries to resolve their special socio-economic problems. Successful work with such countries would provide greater opportunities for the economic growth of poor countries and would help to form a sustainable global economic system. The issue should be discussed at a meeting of the expanded Regional Directors' Group.

14. **Mr. Guillén Beker** (Peru) said that while the globalized economy had some negative consequences, mainly for the poorest countries, it also created opportunities, such as the possibility to establish economic and commercial exchange among countries of the South. South-South cooperation must be complementary to rather than substituted by North-South cooperation; one example of such cooperation was the Summit of South American and Arab Countries which had gathered the heads of State and of Government of those countries in Qatar in March 2009 and would be hosted by Peru in 2011. Two key recommendations in the Secretary-General's report (A/64/321) were those for a renewed commitment of support to South-South development and for consistent and reliable financing. He reiterated the concern noted by the representative of the Rio Group with regard to implementation of recommendation 17 in the Secretary-General's report on the Activities of the United Nations Development Fund for Women (A/64/164) and looked forward to the upcoming High-level Conference on South-South Cooperation which would take place in Nairobi, Kenya.

15. **Ms. Isler** (Switzerland) said that while there had been promising developments with regard to United Nations operational activities for development, much remained to be done. United Nations funds, programmes and specialized agencies must consiste and coherently continue to take appropriate action the implementation of the quadrennial comprehen policy review and report back to their gover bodies. In that regard, Switzerland welcomed the mandate given to the Secretary-General, through United Nations Development Group and its mem organizations, to develop a standard operational for of reporting that would allow resident coordinator properly fulfil the leadership role in reporting for United Nations country team to national authoritie progress made against UNDAF. That would strengthen the accountability of the United Nat system vis-à-vis partner Governments and red transaction costs, and should be implemented as s as possible in order to help strengthen the role Resident Coordinator.

16. United Nations funds, programmes specialized agencies should explore sources financing to support the implementation of the Pla Action for the Harmonization of Business Practice the United Nations System, developed by the H level Committee on Management of the C Executive Board, including through discussions their respective governing bodies on the allocation funds through their support budgets.

17. Furthermore, countries wishing to present d joint country programmes on a voluntary basis to Economic and Social Council should be encourage do so. Those draft programmes could be discusse the operational segment and feedback provided to Government and the United Nations country t instead of discussing the separate draft programme each of the boards. Subsequently, the finalized j country programmes could be adopted on non-objection basis by the respective executive boa and governing councils, as was common practice, t respecting the legal independence of those gover bodies. She encouraged the Secretary-General include that proposal in his report to the Gen Assembly at the current session, as requested under recently adopted resolution on system-wide coheren

18. Her delegation welcomed in particular provision of Economic and Social Council resolu 2009/1 requesting further analysis of the current situa and perspectives for core and non-core funding for United Nations system and reiterated Switzerla support for the quadrennial comprehensive po review and the commitment of the Secretariat

further improve reporting and make that a critical document in helping Member States to make informed decisions. She also reiterated her country's recognition of the important role of South-South cooperation in the development of developing countries and looked forward to fruitful discussions in Nairobi.

19. **Ms. Kızıltan** (Turkey) said that her delegation was pleased to note that the United Nations agencies were increasingly adopting South-South approaches in their policies, particularly in dealing with transnational development challenges, since South-South cooperation was an important component towards achieving a global partnership for development. That cooperation should extend beyond financial aid to include trade, the transfer of know-how and new technologies, expertise and experiences, on a demand-driven basis. South-South and triangular partnerships should also help strengthen vulnerable economies through financial aid and by strengthening their capacity on the ground. As an emerging donor country, Turkey attached utmost importance to strengthening its multilateral and bilateral technical and economic cooperation with developing countries in order to increase the effectiveness of its development assistance. When delivering assistance to partner countries, Turkey shared its own experience and know-how from its own transformation from a largely agricultural economy to a foreign-trade-oriented and industrialized economy. The Turkish International Cooperation and Development Agency was the lead agency coordinating the flow of Turkey's official development assistance. Its activities had initially been aimed at Central Asia, the Caucasus and the Balkans, but it had recently focused increasingly on assistance to African countries. It cooperated with other bilateral and multilateral donors, facilitating more effective implementation. Her Government was committed to more dynamic South-South cooperation as a complement to North-South cooperation.

20. **Mr. Douangchak** (Lao People's Democratic Republic) said that, despite the progress in improving system-wide coordination and mobilizing the wider capacities of the United Nations system, his delegation was concerned about the persistent imbalance between core and non-core resources for operational activities for development. Against the backdrop of growing concern about the possible negative impact of the economic crisis on aid and on the funding of the system, there was a need to strengthen collaboration and cooperation in the United Nations system and with donors, the private sector and civil society. Donors should honour their commitments to increase funding for operational activities, especially by providing core resources and increasing the overall level of development aid to assist developing countries, and the least developed countries in particular, in attaining internationally agreed development goals, including the MDGs. The United Nations system should also improve aid effectiveness through better quality and delivery of aid, a more effective use of resources, a simplified and harmonized operational process, reduced transaction costs and enhanced national ownership.

21. It was important to develop the capacities of United Nations country development teams, and make use of South-South cooperation for programme delivery. The role of the United Nations Development Programme (UNDP) in system-wide coordination should also be enhanced.

22. His Government was working with development partners to implement an aid effectiveness agenda with the framework of the Vientiane Declaration Country Action Plan. Progress had been achieved in Government ownership of the development process and donor alignment with national priorities, but little progress had been made in harmonization and managing for results. In the context of incorporating new commitments, including to increase aid predictability, decrease conditionality, enhance the role of civil society organizations, and address external financing, the action plan would need to be updated. The country team in Laos, which had assisted in developing and implementing the most recent 5-year socio-economic development plan (2006-2010), should continue working in line with the Vientiane Action Plan to help the Government achieve the MDGs by 2015 and to graduate from least developed country status by 2020. His Government strongly supported the "One United Nations" initiative, and commended UNDP for its leading role among United Nations agencies and donor countries in his country.

23. **Ms. Velastegui** (Ecuador) called for the full implementation of General Assembly resolution 62/208; developed countries should endeavour to channel their efforts towards core contributions in order to address the imbalance that existed between core and non-core resources. Ecuador took its responsibility of contributing to processes of common benefit seriously, as was shown by its recent accession

to the Paris Declaration on Aid Effectiveness, and would continue to implement appropriate coordination policies, that many aspects of which were already part of Ecuador's national programme.

24. International instruments and declarations drawn up by developing countries had helped to strengthen South-South cooperation and made it an efficient and essential tool for mobilizing human and economic resources and promoting development, especially in the context of addressing the financial and economic crisis and limited financial resources.

25. Any element to be incorporated into South-South cooperation must first be examined, discussed and accepted by all countries in the South, especially if it involved the setting of conditionalities. His delegation would support all efforts to strengthen South-South cooperation and triangular cooperation, but if developed countries did not fulfil their ODA commitments, achievement of the development goals and plans of developing countries would be adversely affected.

26. Ecuador valued the work of the Special Unit for South-South Cooperation, which could be made much more effective through increased funding. Harmonization and coordination of the United Nations system must also be improved so that its country-level programmes and activities could incorporate modalities for support to South-South cooperation.

27. At the national level, her Government attached importance to the innovative "Yasuni ITT" initiative, aimed at adapting to and mitigating the effects of climate change, protecting biodiversity and defending indigenous populations living in voluntary isolation, and keeping fossil fuels in the ground, which it believed could be replicated in other countries of the South.

28. **Ms. Navarro Barro** (Cuba) said that the economic and financial crisis, which posed a major challenge to United Nations funds, programmes and agencies, must not serve as a pretext for developed countries to neglect their commitment to financing for development, particularly with respect to core resources within the United Nations system, which were the bedrock of its operational activities. The continuing imbalance between core and non-core resources must be corrected with a view to meeting the needs of recipient countries in accordance with their national development strategies rather than satisfying the interests of donors. Efforts to rechannel contributions towards core resources should not be conditional on the implementation of supposed reform of operational activities on the basis of ideas, elements and experimental programmes on which no intergovernmental agreement had yet been reached. The Committee should avoid futile debate on elements of system-wide coherence, which was being negotiated separate at the plenary level.

29. The fact that decisions continued to be taken in the framework of inter-agency coordination mechanisms like the Chief Executives Board for Coordination (CEB) without adequate prior consideration, evaluation and agreement by Member States, was cause for concern. Transparency and accountability in the work of the Secretariat were essential.

30. South-South cooperation was a priority for Cuba, and one of the fundamental pillars of its foreign policy, as evidenced, for example, by the cooperation services it had rendered in more than 150 countries since 1961 and the scholarship programme it had developed, which had benefited tens of thousands of young people from the developing world. Those efforts had been undertaken despite adverse economic circumstances, caused for the most part by the economic, commercial and financial blockade imposed by the United States Government for over half a century. South-South cooperation must complement North-South cooperation and must be based on solidarity, complementarity and full respect for the sovereignty of States. Cuba found developed countries' attempts to distort those principles and impose their own conditions on the assistance they provided to countries of the South profoundly unsatisfactory, and categorically rejected that approach to development assistance.

31. **Mr. Srivali** (Thailand) said that a global commitment was a key to maintaining South-South cooperation as a high priority on the international development agenda and ensuring that sufficient resources were allocated. Thailand strongly supported the role of the High-level Committee on South-South Cooperation in reviewing the progress made in transforming commitment into action. Renewed political commitment was of the utmost importance to the least developed countries, whose development needs required an immediate response from the international community. In that regard, UNDP should be given full support and a broader mandate to help implement development programmes in countries of need, regardless of their domestic political circumstances.

32. Innovative partnerships, including public-private, regional and interregional partnership towards achieving internationally agreed development goals such as the MDGs, should be intensified and directed towards sustainable growth and development. Thailand was committed to South-South and triangular cooperation, as exemplified by numerous demand-driven cooperation programmes it had initiated since 1975, and its ODA had reached 0.18 per cent of GNI in 2007, a ratio comparable to OECD countries. It attached importance to subregional arrangements which had helped it to work with neighbouring countries on key areas such as transport linkages, trade facilitation, agriculture and tourism. On the interregional level, Thailand had been cooperating with several African countries, mostly in the areas of public health and medicine, and had organized several training courses on avian influenza and HIV/AIDS for members of the African Union.

33. Development partnership should extend beyond mere financial assistance to include providing know-how and technology. South-South cooperation was essential to achieving Millennium Development Goal 8 in particular, but should neither replace North-South cooperation nor be limited to intergovernmental relations; the private sector could also be a powerful force in development assistance.

34. More broadly, sharing of knowledge and experience and technology transfer lay at the heart of South-South and triangular cooperation. His delegation commended the efforts of UNDP and the Special Unit for South-South Cooperation in that connection, and supported the establishment of centres of excellence at the national and regional levels in order to facilitate those processes in such strategic areas as human resources development, agriculture, alternative development, public health and water management.

35. On coordination and coherence, it was crucial to harmonize the aid provided by various development partners while aligning their cooperation assistance with recipient countries' own development objectives. Thailand supported the concept of resident coordinators and urged that they should avoid duplication of efforts and ensure coherence of United Nations operations in each country.

36. **Mr. Nakamura** (Japan) said that country ownership was the key to the sustainability of any development effort, and the United Nations development system should fully support Governments to enhance their national capacity, bearing in mind that the ultimate aim was to help people in need, particularly the most vulnerable. The United Nations development system should listen to and look after people on the ground, while fully respecting national ownership and the sovereignty of Member States. The action taken to achieve the MDGs by 2015 should bring about tangible results in the immediate future. In the context of the global economic crisis and its potential impact on the quantity of aid delivered, the effective delivery of assistance should be pursued more rigorously than ever. Adopting a human security approach was also useful for ensuring tangible results.

37. Gender mainstreaming must be promoted in all areas of United Nations operational activities for development, including planning, implementation and evaluation. The creation of a new gender entity, although a milestone, was not in itself enough to ensure the coherence of operational activities in that area. Efforts must be made to avoid duplication and fragmentation of gender-related operational activities undertaken across various United Nations agencies. The new entity should adopt top-down as well as bottom-up approaches to achieving gender mainstreaming, bearing in mind the lessons learned by the operational agencies at the field level.

38. Japan, which had been a pioneer in supporting South-South cooperation through triangular cooperation and in collaboration with the United Nations agencies, welcomed the expansion of cooperation, for example, among Latin and Caribbean countries and between Asia and Africa. Japan looked forward to hearing examples of the cost effectiveness of South-South cooperation at the upcoming High-level Conference on South-South Cooperation.

39. **Mr. Yoseph** (Ethiopia) called upon the United Nations development entities to strengthen the capacities of public institutions and focal points in programme countries. The Secretary-General's report analysing the financing of operational activities brought to light concern over resource levels and trends within the United Nations system. For developing countries to achieve their goals, funding must be more predictable and sustainable. However, most United Nations entities had consistently received less than 30 per cent of their requirements each year, and core resources had not grown significantly since 2003.

40. In that regard, the decision of the Government of Belgium to redirect its contributions to the United Nations and other multilateral organizations to fund core resources exclusively was greatly appreciated. Other countries were urged to emulate that approach. Development partners should eliminate the practice of earmarking funds. Thanks went to those countries which were not members of OECD and which had contributed to United Nations operational activities for development.

41. The most recent example of development cooperation between the United Nations and Ethiopia, one of the largest recipients of United Nations development assistance, was the Plan for Accelerated and Sustained Development to End Poverty. For the strongest impact and concrete results, United Nations activities must be fully synchronized and harmonized with nationally owned development programmes. Programme deliveries within UNDAF must also be harmonized and the fullest possible use must be made of national expertise and institutions in recipient countries.

42. **Mr. Maksimychev** (Russian Federation) said that the decision to include in the Secretary-General's reports to the Economic and Social Council information on implementing the management and accountability framework for the United Nations development and resident coordinator system, including the "functional firewall" of the resident coordinator system, and on preparation of a universal comprehensive assessment of that system at the Council's substantive session in 2012, would be very important for strengthening the effectiveness and accountability of the resident coordinator system. If, as requested, the United Nations funds and programmes reflected in their annual reports to the Council their specific contribution and difficulties they had experienced in implementing the management and accountability framework for resident coordinators, that would also improve the quality of those reports.

43. In regard to the issue of "One United Nations", unity among countries had still not been achieved. It would be premature to consider Delivering as One a universal model for the functioning of the United Nations in countries. A universal review of the pilot projects was needed.

44. The Russian Federation had some concerns regarding General Assembly resolution 63/311, on system-wide coherence, and had reserved its position on a number of provisions. Management reform need not focus solely on intergovernmental bodies. Effectiveness and transparency in the work of the secretariats and intersecretariat coordinating bodies were no less important. Continued consultations on system-wide coordination should not replace the comprehensive review of operational activity.

45. With respect to South-South cooperation, his delegation considered solidarity among the countries of the South to be of key importance, and agreed with them that such cooperation was complementary to North-South cooperation and other traditional forms of development assistance.

46. **Mr. Shin** Boonam (Republic of Korea) said that the consistent growth in contributions to the United Nations system for operational activities was encouraging. Core resources were the bedrock of operational activities, and predictable funding must be ensured. The success of the Delivering as One pilot programmes would have a positive effect on the core funding trend. Pooled funding mechanisms, including multi-donor trust funds and thematic funds, could be complementary to core funding. In the next report, expenditures should be included by sector or theme of major agency. Following the MDG review conference to be held in 2010, struggling sectors would be prominent.

47. In the context of expanding South-South cooperation, which was particularly meaningful because it brought not only additional resources but innovative approaches, there were concerns about the lack of coordination and increased cost of development cooperation following the active roles of emerging economies and donors who were not members of the OECD Development Assistance Committee. The United Nations system should continue to monitor South-South cooperation and provide guidance to ensure that it was well coordinated to maximize development effectiveness.

48. **Mr. Benfreha** (Algeria) said that operational activities for development should be carried out in accordance with the policies, goals and priorities of the recipient countries. National ownership should be fostered through the inclusive participation of the national authorities and entities in development projects and programmes.

49. The efforts under way to simplify delivery procedures must be stepped up in order to meet developing countries' expectations, drawing in the process on all the capabilities of the United Nations system. The universality and neutrality of core

resources meant that they must constitute the foundation of operational activities.

50. South-South cooperation must continue to be guided by the principle of international solidarity, with emphasis on the principles enshrined in the Yamoussoukro Consensus, and the United Nations system should lend its full support to the New Partnership for Africa's Development.

51. **Mr. Al-Ansari** (Qatar) said that operational activities for development were central to the attainment of social and economic well-being and a sound relationship between man and his environment. It was also an important complement to triangular cooperation, in which context civil society groups from the South and the North must join forces in dealing with such global challenges as climate change.

52. The participation of developing countries in world trade needed to be strengthened by eliminating all barriers that prevented them from marketing their commodities on an equal footing with the developed countries. That would reduce their dependence on ODA. It was important for policymakers to address the growing problems of land degradation, desertification and to promote land reform. Speedy action must be taken to accelerate investment in agriculture.

53. Qatar was one of the few countries which had fulfilled its ODA commitments. The Government of Qatar had established the South Fund for Development and Humanitarian Assistance, which would support South-South cooperation and help to achieve the goals of economic and social development. In March 2009, Qatar had hosted the second Arab-South American Summit, which had fostered economic, technical and political cooperation. Qatar also presided over the United Nations High-level Committee on South-South Cooperation.

54. **Mr. Arifi** (Morocco) said that a coordinated response was needed to multiple challenges, including those relating to food, energy, financing and climate, that endangered the attainment of the MDGs by the year 2015. Apart from increased human and financial resources, better targeting and coordination at the field level of the work of the United Nations and other agencies, including the Bretton Woods institutions, were required. The resident coordinators had an important role to play in that connection.

55. His delegation supported the recommendations of the Joint Inspection Unit on national execution, and welcomed the related comments of the Secretary-General and the heads of the specialized agencies. The country programme action plans for the period 2007-2011 permitted better alignment of the United Nations Development Group's programmes with national priorities and policies. However, coordination of the group's activities continued to suffer from handicaps that limited the scope of the programmes and projects undertaken. As the midterm review of programmes of UNDP and the United Nations Children's Fund approached, action was needed to remedy the lack of coherence in initial programming, through greater coordination at the design phase. UNDP should take the lead in that connection.

56. Strengthening operational activities would require greater human resources. Newly recruited staff, particularly resident coordinators, should have excellent experience and full familiarity with the situation on the ground. Advantage should be taken in that context of the skills available in developing countries. Support must also be provided for strengthening South-South and triangular cooperation.

57. Lastly, his delegation hoped that greater attention would be paid to implementing the Paris Declaration on Aid Effectiveness: its principles of alignment with national policies and priorities, results-oriented management and national ownership were all conducive to greater effectiveness of operational activities.

58. **Mr. Aguiar Patriota** (Brazil) said that the operational activities of the United Nations must continue to prioritize development assistance and poverty eradication. In accordance with national plans and priorities, an employment-led recovery from the economic crisis was called for, in line with the International Labour Organization Decent Work Agenda and the Global Jobs Pact. The United Nations development system required greater transparency and accountability, and a governance structure more inclusive of developing countries. The process for appointing new executive directors of all major specialized agencies, funds and programmes should involve broader consultation. It would be in the interest of the United Nations membership for all nominations to such posts to be subject to confirmation by the General Assembly.

59. Strengthening of operational activities for development called for the full implementation of the quadrennial comprehensive policy review. The resident

coordinator system must ensure greater national participation in project formulation and implementation, and should also monitor the implementation at the local level of the relevant decisions approved by the General Assembly and the Economic and Social Council. The results of the country pilot exercise needed to be properly evaluated before any attempt was made to replicate them.

60. His delegation reaffirmed its commitment to strengthening cooperation among developing countries in accordance with the principles of solidarity, complementarity, mutual benefit and accountability, which must be at the heart of all South-South cooperation. The newly created Unit for Economic Cooperation and Integration among Developing Countries of UNCTAD should receive a mandate to work towards a more specific conceptual framework to better support and promote South-South cooperation in coordination with other relevant units in the United Nations system and in consultation with Member States.

61. **Mr. Ayub** (Pakistan) said that his delegation welcomed the progress towards the establishment of a composite gender entity. To meet the goal of developing an effective and coherent United Nations development cooperation system responsive to the national development strategies of programme countries, the issue of funding assistance must be meaningfully addressed. Given the impact of the economic crisis, it was particularly important to ensure that development assistance from the United Nations system expanded and that it was adequate.

62. The action taken to enhance country-level coordination by the United Nations system and greater national participation in preparation of United Nations documents was commendable. However, progress was still needed on the optimal use by the United Nations system of the available national expertise and national systems for support services. The range and level of skills and expertise assembled by the United Nations system at the country level should be commensurate with the priorities specified in UNDAF and the joint programme. The resident coordinator system needed to be strengthened and to work within the framework of national ownership and leadership of development processes, reporting to national authorities progress made against UNDAF.

63. Evaluation of the pilot programme of the United Nations Delivering as One should be first and foremost a country-driven process. A second track of evaluation to facilitate intergovernmental consideration of results from pilot countries might also be considered.

64. His Government accorded high priority to South-South cooperation: optimum use must be made of the potential afforded by the increasing significance of the South in the global economy, with a view to eradicating extreme poverty and facilitating the attainment of the MDGs.

65. **Ms. Abdygalieva** (Kazakhstan) said that despite the increased efforts to optimize administrative and management structures, system-wide coherence, coordination mechanisms and tools for mutual accountability and resource mobilization had yet to be developed and put in place.

66. As the 2015 deadline approached, the time had perhaps come to revise and adapt each MDG task and indicator to the new socio-economic realities of recipient States, with a particular focus on rural areas. In the situation of global financial and economic crisis, UNDAF was even more relevant. Her Government would soon start co-financing of the new UNDAF cycle programmes and projects, and in that connection it called upon the United Nations to further strengthen efforts to simplify business practices and reduce transaction costs in the field. Kazakhstan was seeking expertise on how to strengthen international partnerships for development and diversify predictable, innovative forms of financing. In the context of the Delivering as One initiative, priority projects should be balanced against projects which were less costly but no less important.

67. **Mr. Hamza** (Egypt) said that his country attached great importance to governance and funding of operational activities and to progress in discussions on those subjects. It was very important that the deficiencies which continued to plague the funding of operational activities should be appropriately addressed. Many of the recommendations in the JIU report on national execution were relevant to the issue of governance, and his delegation hoped that substantive action on governance would be achieved soon, in the interests of developing countries. Those interests would also be served by strengthened South-South cooperation.

68. **Mr. Kennedy** (United Nations Industrial Development Organization (UNIDO)) said that UNIDO was committed to promoting partnerships between developing countries by supporting

institutions in developing countries whose mission was South-South cooperation and by promoting South-South technology and materials transfer. Transfer of housing materials was particularly important, given that developing countries housed 80 per cent of the world's population. UNIDO helped promote regional cooperation in research and development of new or improved building materials by disseminating promising technologies and by developing standards and certification procedures. As an example, new applications had been developed for bamboo, which provided a source of unskilled or semi-skilled employment and revenue for small local enterprises.

69. Access to energy was another important area. Cuba and Zambia had benefited from biomass gasification technologies and solutions from India, while China and Sri Lanka had provided hydropower know-how to several African countries. Agricultural equipment based on South African and Indian technologies was being used in the Sudan to help rebuild the economies of villages devastated by armed conflict and drought, with a resulting increase, at low cost, of more than 50 per cent in the amount of land cultivated.

70. UNIDO had been working with the UNDP Unit for South-South cooperation to develop SS-GATE, a portal aimed at enabling entrepreneurs, civil society organizations and local authorities in developing countries to obtain secure access to technology and finance.

71. **Mr. Zahran** (Joint Inspection Unit (JIU)) said that in its evaluation of national execution, the JIU had taken the Delivering as One pilot into consideration. The independent and unique status of JIU had been recognized most recently by General Assembly resolution 63/272, which had reconfirmed JIU as the only external and independent system-wide inspection, evaluation and investigation body. In its programme of work, JIU had envisaged a meta-evaluation of the Delivering as One programme, to be approved in December for 2010. The meta-evaluation would be carried out in cooperation with the Chief Executives Board and the United Nations Evaluation Group.

The meeting rose at 4.50 p.m.

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Chairperson: Mr. García González (Vice-Chairperson) ..... (El Salvador)

Contents

Agenda item 52: Follow-up to and implementation of the outcome of the 2002 International Conference on Financing for Development and the 2008 Review Conference

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In the absence of Mr. Park In-kook (Republic of Korea), Mr. García González (El Salvador), Vice-Chairperson, took the Chair.

The meeting was called to order at 10.10 a.m.

Agenda item 52: Follow-up to and implementation of the outcome of the 2002 International Conference on Financing for Development and the 2008 Review Conference (A/64/322, A/64/377, A/64/189, A/64/76-E/2009/60 and A/64/373)

1. **Mr. Trepelkov** (Acting Director, Financing for Development Office, Department of Economic and Social Affairs) introduced the report of the Secretary-General on follow-up to and implementation of the Monterrey Consensus and Doha Declaration on Financing for Development (A/64/322), the progress report of the Secretary-General on innovative sources of development finance (A/64/189), and the note by the Secretary-General on proposed organization of work of the High-level Dialogue on Financing for Development (A/64/377), and highlighted their salient points.

2. **Mr. Kleib** (Indonesia), speaking on behalf of the Association of Southeast Asian Nations (ASEAN), which associated itself with the position of the Group of 77 and China, said that the June 2009 High-Level Conference on the World Financial and Economic Crisis and its Impact on Development had demonstrated the importance attached by the international community to following up the Monterrey Consensus. The Economic and Social Council resolution on a strengthened and more effective intergovernmental inclusive process to carry out the financing for development follow-up would enhance the role of the United Nations in financing for development. Long-term lessons needed to be learned from the crisis in all six major thematic areas of the Monterrey Consensus. Instabilities in capital flow needed to be reduced, protectionism avoided and Official Development Assistance (ODA) increased to meet the target of 0.7 per cent of gross national income (GNI). More countries should have access to debt relief and to a voice in the global economic decision-making process.

3. Financing for development depended above all on a sound global economic system. Reform of the global financial and economic architecture, global partnerships to facilitate mobilization of resources and national implementation of the necessary macroeconomic policies should be priorities. At their fourteenth summit held in Ch-am Hua Hin, Thailand from 28 February to 1 March 2009, ASEAN leaders had affirmed their commitment to stimulus spending, eased access to credit and free flow of goods and services, and had called for greater cooperation and bolder reform to restore stability and fairness to the international financial system. A United Nations coordinating mechanism would be desirable in that regard.

4. **Ms. Bethel** (Bahamas), speaking on behalf of the Caribbean Community (CARICOM), which also associated itself with the position of the Group of 77 and China, said that the global financial crisis coupled with scaled-back ODA was having a severe negative impact on developing countries. Declines in tourism and export revenue, remittances and foreign investment were slowing down the integration of CARICOM States into the global economy. CARICOM welcomed discussions in the Economic and Social Council on enhancing collaboration and cooperation between the United Nations and the Bretton Woods institutions, and would outline its positions on such institutional arrangements at the November 2009 High-level Dialogue on Financing for Development. For the present, she wished to stress the need to upgrade the United Nations Committee of Experts on International Cooperation in Tax Matters, as had been recommended in the 2008 Doha Declaration.

5. **Ms. Rovirosa** (Mexico), speaking on behalf of the Rio Group, said that the impact on the poorest countries of declines in capital flows, commodity prices and remittances made a cross-cutting approach to all six areas of the Monterrey Consensus all the more important. While the Doha Declaration had been a positive development, it did not sufficiently reinforce the follow-up mechanism for financing for development. She urged speedy implementation of the recommendations of the Economic and Social Council on strengthening the multi-stakeholder intergovernmental process, and hoped for adequate participation in the November 2009 High-level Dialogue. Substantive rather than procedural reforms were what was called for.

6. Some Rio Group member States had been pioneers in the new spirit of partnership between developed and developing countries mentioned in the Secretary-General's progress report on innovative sources of development finance (A/64/189). Broad participation by entities other than Governments was

crucial for addressing areas where the market failed to take into account long-term returns on investment. It might be useful to hold an event on innovative mechanisms for financing for development in the run-up to the 2010 Summit on the Millennium Development Goals (MDGs). It should be understood that such innovative mechanisms were no substitute for meeting the already established ODA target of 0.7 per cent of gross national product (GDP). She welcomed the summary by the President of the Economic and Social Council of the special high-level meeting of the Council with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development (New York, 27 April 2009) (A/64/76-E/2009/60), but favoured a more interactive and flexible format for such events, as well as for special events being planned for the Committee.

7. **Mr. Rai** (Nepal), speaking on behalf of the least developed countries, said that the global food and energy crises compounded by the recent global economic and financial crises had seriously jeopardized efforts to fight poverty and achieve the MDGs. While the 2008 Doha Review Conference had been a significant step towards implementing the 2002 Monterrey Consensus, top priority must be given to following it up, particularly in the matter of financing for development. An effective and inclusive intergovernmental process needed to be set in motion for that purpose within the General Assembly. At the same time, the Working Group established to follow up the decisions of the Conference on the World Financial and Economic Crisis should seek to go beyond what was already being done. The current crisis could not be an excuse for curtailing the internationally agreed development goals; it made a spirit of global partnership more necessary than ever. The proposed review of progress towards the MDGs in 2010 should offer a renewed opportunity to reinvigorate the development agenda, including development financing pledges for the remaining five years up to 2015, especially since the current crisis had revealed the inadequacy of what had been agreed in the past decade to aid the least developed countries. Those countries needed a more specific and enhanced level of international support. The multilateral financial institutions should more fully internalize the social costs and benefits of financial innovation, include prudential oversight and avoid regulatory excesses, but without imposing on developing countries a particular template for financing development. Innovative sources of financing should be encouraged, especially microfinancing, while increased ODA commitments should be sought.

8. The least developed countries were concerned about the deadlock in the Doha Round talks and the resurgence of protectionism; exceptionally vulnerable as they were, developed countries should grant them duty-free access for their products, debt relief packages and other capacity-building measures. The United Nations had an important coordinating role to play in helping least developed countries to surmount the crisis and, together with the Bretton Woods institutions, should ensure a fully inclusive approach to global reform efforts for financing development. In addition, following the demonstrated inadequacy of global and national financial regulation and supervision, steps should be taken to restore confidence, ensure the proper functioning of financial markets, exercise stricter oversight over those markets and reform the global financial system.

9. **Mr. Wang** Qun (People's Republic of China) said that development could not be achieved without financial resources, which had a crucial role in bridging the gap between the North and the South. However, despite some progress in implementing the Monterrey Consensus, the long-standing development deficit was yet to be effectively addressed. Since the outbreak of the current financial crisis, the developing countries had been contending with reduced exports, capital flight, lack of fulfilment of ODA commitments, increased cost of external financing and rising unemployment; their hard-won gains were in danger of being wiped out through shortage of financial resources.

10. While the primary responsibility for financing development rested with Governments, the international community's support was crucial. Developed countries should set feasible timetables for achieving the target of 0.7 per cent of GNP for ODA, without preconditions, and offer further debt relief to developing countries. The international financial institutions should put in place rapid-response financial rescue mechanisms and give priority to providing financial support to developing countries without strict conditions. Low-income countries would benefit not only from the flexible non-concessional financing commendably promoted by the International Monetary Fund, but also from the establishment of a more effective mechanism to address the problem of scant

funds. Furthermore, trade protectionism should be rejected by all countries, since trade was an essential driver of global economic recovery. All parties should push for a successful conclusion to the Doha Round negotiations, which were critical to the process of global trade liberalization, while efforts should continue to be made to reform the international financial architecture. In particular, steps should be taken to increase the participation of developing countries in the international financial institutions and revamp international financial oversight mechanisms.

11. **Ms. Gervasi** (Peru) said that developing countries had been hard hit by the current economic and financial crisis, particularly those that, like Peru, had been striving in recent years to broaden and diversify their foreign markets. There was therefore a need to avoid protectionism and to conclude the Doha Round talks without delay. It was also important to secure international support for micro, small and medium enterprises which, in countries like Peru, were increasingly being integrated into production and export chains and thereby becoming an effective means of combating poverty. In the same vein, financial cooperation should focus to an increasing extent on research, innovation and technology and human capacity-building.

12. As a country particularly vulnerable to climate change, without itself being one of the main contributors to it, Peru was concerned that global initiatives to address that phenomenon had also been affected by the crisis. The resources her country had to allocate to responding to the effects of climate change were a drain on its capacity to meet the basic needs of the population and hence to achieve the MDGs, including poverty reduction. In view of ongoing environmental degradation, adaptation to climate change should be a core concern in international decision-making on development financing. The upcoming Conference in Copenhagen would need accordingly to address the challenge of financing the necessary measures: Peru had submitted proposals to that effect.

13. **Mr. Aguiar Patriota** (Brazil) said that Brazil remained fully committed to the financing for development process and to the holistic agenda of the Monterrey Consensus which, along with the Millennium Declaration and the World Summit Outcome, offered sound guidance for the work ahead. The economic downturn had, however, made it necessary to take a fresh look at the internat financial architecture in order to correct flawed policies with a view to the achievement of internationally agreed development goals.

14. Some progress had been made in mobil domestic resources for development in develo countries, in particular through the prioritizatio inclusive pro-poor policies and the adoption measures to enhance social welfare, stabilize ca markets and build critical infrastructure. How measures needed to be developed for implementation of countercyclical measures, in with the new consensus on prudential macroecon policies. Regulations should also be put in pla prevent volatility in private international fina flows and steps should be taken to continue to l the cost of remittances.

15. International trade, hard hit by the crisis, notably by the unavailability of finance, presen challenge that needed to be addressed by the U Nations, in conjunction with appropriate organiza in the system. Brazil was particularly concerned a the lack of progress in the Doha Round negotiat they should be concluded in 2010 on the basis of had been actually achieved. It was also regrettabl ODA remained far below the internationally a levels, which were already too low.

16. Proactive measures were now needed to av further debt crisis. The upcoming High-level Dia on Financing for Development would offer a u opportunity to discuss such measures, as we additional measures to meet the internationally a goals; sufficient financing for development was condition for achieving them. The proj intergovernmental follow-up mechanism should h keep the financing for development process high o agenda. He expressed the hope that it woul supported by a permanent body along the lines o new United Nations composite body for gender iss

17. The key concern remained the mobilizati financial resources for development. Brazil had involved from the outset in a number of initiativ that effect and was keen to explore new ways of r additional funds. It therefore welcomed the upco ministerial meeting in Paris to address the tech and legal feasibility of a tax on international fina transactions.

18. **Ms. Blum** (Colombia) said that the global economic situation called for a redoubling of efforts to implement the Monterrey Consensus. Colombia, for its part, had been acting in accordance with the policies and commitments enshrined in the Consensus, in particular by promoting innovative mechanisms like microfinancing, which was making a valuable contribution to social development and the advancement of small and medium enterprises; microcredit offered the best and least costly solution to the current global economic crisis. It was also clear, however, that, in a globalized world, the economies of developing countries needed international support and access to markets. For that reason, her country was concerned about recent protectionist trends. Colombia remained committed to a multilateral, cooperative approach, which was essential in creating an environment conducive to financing for development and in countering threats to development, particularly terrorism. She concluded by stressing the increased importance of ODA for middle-income countries in view of the decline in international financial flows, including remittances, owing to the crisis.

19. **Mr. Briz Gutiérrez** (Guatemala) said that the Monterrey Conference on Financing for Development and the ensuing Declaration had marked a high point of achievement in the development work of the United Nations and had been a testimony to its important role in matters that had previously been the sole preserve of the multilateral financial institutions. The Monterrey Consensus had given a significant boost to ODA and had led to some progress in debt relief; however, it had not had any impact on trade, so that many of the systemic problems identified in 2002 were still unresolved, exacerbated by the impact of the crisis. The main issue was follow-up, given that the new interaction between the United Nations and the Bretton Woods institutions had not been built upon and that resource allocations to the United Nations Financing for Development Office had not been sufficient to enable it to discharge its broad mandate. It was possible that an adequate inclusive intergovernmental process, as suggested in the Doha Declaration, might provide a solution; the issue remained open and demanded the Committee's attention.

20. A second concern was that the recent Conference on the World Financial and Economic Crisis and its follow-up mechanism, rather than contributing to the Monterrey process, might develop into a parallel track, particularly through the establishment, under General Assembly resolution 63/305, of the Ad Hoc Working Group. While the two processes were not the same, there were significant connections between them and it was therefore important to treat them both as part of a broader agenda for the concerted promotion of development. That should be particularly borne in mind in the context of the upcoming High-level Dialogue of the General Assembly on Financing for Development and in the work of the Ad Hoc Working Group, especially since both undertakings were under the aegis of the General Assembly.

21. **Mr. Osuga** (Japan) said that his delegation supported the Secretary-General's call in his report (A/64/322) to protect the poor through the sustainment of employment and livelihoods and targeted social spending, and his country intended to strengthen the Tokyo International Conference on African Development process as part of its redoubling of efforts related to the Millennium Development Goals. While donor countries should fulfil their ODA commitments, developing countries needed to take responsibility for their own development. The Economic and Social Council resolution on a strengthened and more effective intergovernmental inclusive process to carry out the financing for development follow-up was a timely and useful contribution to enhancing international cooperation among all stakeholders, and he hoped for lively discussions at the November 2009 High-level Dialogue. His country had joined the Leading Group on Innovative Financing for Development in 2008 and looked forward in particular to exchanging information on that topic.

22. **Mr. Maksimychev** (Russian Federation) said that the General Assembly had two priority objectives in the context of the current discussion: to consider the recommendations of the Economic and Social Council on strengthening the intergovernmental process to implement the follow-up on financing for development; and, on the basis of the Doha Declaration on Financing for Development and the Outcome of the United Nations Conference on the World Financial and Economic Crisis and Its Impact on Development, to establish a basis for the adoption of political agreements at the 2010 high-level plenary meeting of the General Assembly. The Council's recommendations on new modalities for its own work required no further discussion and could be approved by the General

Assembly. The recommendations concerning the work of the Assembly were aimed at more effective use of existing mechanisms, including the High-level Dialogue on Financing for Development. The priority was to achieve greater coherence in Assembly resolutions both on financing for development and on macroeconomic questions. To that end, the Committee's agenda and programme of work might need to be amended. His delegation had made specific proposals in that regard at the Council's substantive session of 2009.

23. His delegation hoped that the Committee would adopt a substantive draft resolution with regard to follow-up on financing for development, that reflected the key understandings in the Monterrey Consensus and the Doha Declaration. Discussions on such a resolution should take into account the relevant discussions in the "macroeconomic cluster", particularly on the subjects of external debt, trade and the international financial system, as well as the outcome of the forthcoming High-level Dialogue on Financing for Development. His delegation looked forward to a swift decision on the modalities of the High-level Dialogue, including the themes of the round tables, which should reflect the balance of priorities set out in the Monterrey Consensus and the Doha Declaration. The note by the Secretary-General on the proposed organization of work of the High-level Dialogue (A/64/377) did not provide for the hearings of civil society and the business sector that were traditionally held in advance of the Dialogue, presumably because of lack of preparation time. His delegation's position on financing for development was set out in its statements on macroeconomic questions and would be further elaborated upon during the High-level Dialogue.

The meeting rose at 11.55 a.m.

United Nations A/C.2/64/SR.13

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Second Committee

Summary record of the 13th meeting
Held at Headquarters, New York, on Thursday, 15 October 2009, at 3 p.m.

Chairperson: Mr. García González (Vice-Chairperson) ..... (El Salvador)

Contents

Agenda item 52: Follow-up to and implementation of the outcome of the 2002 International Conference on Financing for Development and the 2008 Review Conference (*continued*)

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In the absence of Mr. Park In-kook (Republic of Korea), Mr. García González (El Salvador), Vice-Chairperson, took the Chair.

The meeting was called to order at 3.15 p.m.

Agenda item 52: Follow-up to and implementation of the outcome of the 2002 International Conference on Financing for Development and the 2008 Review Conference (*continued*) (A/64/76-E/2009/60, A/64/189, A/64/322, A/64/373 and A/64/377)

1. **Ms. Osman** (Sudan), speaking on behalf of the Group of 77 and China, noted that the current economic and global crisis, the deepest and most extensive since the Great Depression, had made the allocation of additional resources to financing for development all the more relevant, and the follow-up mechanism for financing for development must be reinforced as a matter of urgency. Developing countries had been forced to use a significant portion of the resources that had been allocated to debt service to protect their currencies in an unsupportive and unstable international financial environment. Since the global governance structure had not yet been reformed, the necessary coherence had not been achieved for the policies of the various international bodies to complement and facilitate developing countries' policy reforms. She stressed the importance of the role in the reform process of the General Assembly and the Ad Hoc Open-ended Working Group of the General Assembly that had been established to follow up on the issues contained in the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development.

2. Despite the crisis, it was vital that States should deliver on their commitments, including those made in the Monterrey Consensus on Financing for Development and in the Doha Declaration on Financing for Development. Particular efforts should be made to achieve the target of 0.7 per cent of gross national product (GNP) as official development assistance (ODA) to developing countries. The spirit of global partnership for development that had been generated in Monterrey and Doha should be rekindled today in order to achieve global solutions for global problems. She urged Member States to participate actively in negotiating the substantive resolution on financing for development that was scheduled for the current session. The resolution should focus on action and should address such issues as strengthening the follow-up mechanism, generating liquidity for developing countries, increasing aid and developing schemes to enable the viable and sustainable management of debt with a view to liberating resources for development. The Group of 77 and China attached great importance to the issue of innovative sources of financing, while stressing the complementary nature of such sources, and looked forward to the fourth High-level Dialogue on Financing for Development, due to be held on 23 and 24 November 2009.

3. **Mr. Ileka** (Democratic Republic of the Congo), speaking on behalf of the countries of the Southern African Development Community (SADC), said that the financial and economic crisis that had originated in wealthy countries had hindered implementation of the outcome of the 2002 International Conference on Financing for Development. Noting that spending under the global stimulus package to tackle the crisis was currently concentrated in developed countries, which could further skew the distribution of global income, he stressed that it was essential to transfer resources to the neediest countries.

4. The SADC Regional Indicative Strategic Development Plan (RISDP), launched in August 2004, outlined the necessary conditions and set targets in order to achieve the overall goals of sustainable socio-economic development and poverty eradication. Increased financial and human resources were required for the successful implementation of RISDP, and industrialized countries must deliver more efficiently and effectively on their ODA commitments, which, despite having declined, remained one of the most important funding sources for RISDP. The New Partnership for Africa's Development could play a significant role in encouraging developed countries to meet their ODA targets.

5. Since unsustainable external debt had become a major obstacle to development, debt relief was an important part of a comprehensive strategy for achieving sustained growth and poverty reduction. Resources made available through debt-relief initiatives could then contribute to funding regional development programmes such as RISDP. However, foreign direct investment in SADC remained low, and he urged development partners to respond to take advantage of the investment opportunities available in the region.

6. He noted with concern that protectionist trade measures had been taken by the majority of the countries in the Group of 20 in response to collapsing levels of domestic production and employment. Measures were urgently needed to establish a fairer and more equitable international trading system that better responded to the needs and interests of all developing countries. Public-private partnerships were an effective financing mechanism for both national and regional development activities, especially infrastructure projects, and depended heavily on the availability of development financing over the medium term. SADC was currently undertaking a study in order to advise Member States on the desirability and viability of establishing a development fund in support of its regional development objectives, successful attainment of which was affected by such issues as potentially asymmetrical benefits and costs of resource flows, the need to ensure sustainable finance for the SADC programme of action and bottlenecks in mobilizing existing sources of finance.

7. **Mr. Thiébaud** (France), speaking on behalf of the secretariat of the Leading Group on Innovative Financing for Development, recalled that innovative financing, as well as complementing ODA, counteracted negative external factors — for example, by correcting imbalances in access to medicine — thereby regulating the world economy, and helped to share out the benefits of globalization, encouraging widespread participation among Governments, the private sector and citizens and ultimately uniting developed and developing countries equally in pursuit of a common goal. The Leading Group, currently chaired by Chile and composed of 59 member States and the major non-governmental organizations and international organizations, was the main forum for debate on innovative financing.

8. Significant results had been achieved following mobilization of funds for the first three innovative financing mechanisms, under which an international solidarity levy on air tickets had provided funding for the International Drug Purchase Facility (UNITAID), the International Finance Facility for Immunization and microcredit associations. Over $2 billion had been raised by summer 2009 in the health sector alone, providing vaccines for 100 million children per year and AIDS treatment for 100,000 children per year. He noted the important work that had been undertaken by the High-Level Task Force for Innovative International Finance for Health Systems, the call by the Group of Eight at its 2009 summit in L'Aquila to support innovative financing of health and the action taken in that area by the Rio Group.

9. The Doha Declaration on Financing for Development had called for more wide-scale introduction of innovative financing initiatives, and the Leading Group had made a number of recommendations at its sixth plenary meeting in Paris on 29 May 2009 on how to achieve that goal, covering such areas as expansion of the air-ticket solidarity levy, auctions of carbon credits, prevention of tax evasion and facilitation of the transfer of migrants. Those developments demonstrated the dynamism of current international thinking on innovative financing, within the context of the economic and financial crisis in which additional resources were more necessary than ever in order to achieve the Millennium Development Goals (MDGs) and to promote social, economic and environmental development for all.

10. **Mr. Gálvez** (Chile) said that he was confident that the resolution to be negotiated by the Second Committee on the follow-up to the Monterrey Consensus would focus attention on the best way to strengthen the mechanism for monitoring implementation of the commitments made, taking due account of the recommendations made by the Economic and Social Council in its recent substantive session.

11. Chile had been one of the pioneering countries in creating alliances in pursuit of innovative sources of financing for development, and had provided strong support for the Action against Hunger and Poverty initiative in order to promote more inclusive globalization, economic and social development based on solidarity and shared responsibilities and international peace and security. UNITAID was one of the most successful initiatives, to which Chile had, between March 2006 and April 2009, contributed over $11 million collected through an international air-ticket solidarity levy equivalent to $2 per passenger. As the current holder of the presidency of the Leading Group, Chile supported all initiatives that highlighted the importance of innovative financing for development as part of the strategy for achieving MDGs.

12. He requested that an omission in the Secretary-General's report on innovative sources of development finance (A/64/189) should be rectified. In paragraph 2,

Chile had been omitted from the list of signatory countries to the Declaration on Action against Hunger and Poverty, which had been signed in Geneva in 2004. Given the importance of that Declaration, which constituted a fundamental pillar of UNITAID, his delegation would be grateful if the appropriate amendment could be made.

13. **Mr. Carbajal** (United States of America) said that while the economic downturn had affected all countries, the recovery of some would require additional financial support from the international community. According to the World Bank, the global economy in 2009 was expected to contract by as much as 2.9 per cent, and world trade by 10 per cent. The economies of developing countries, most of which had been enjoying rapid growth, were now forecast to grow on average by only 1.2 per cent in the current year. Unfortunately, the poorest nations least able to take appropriate fiscal action to counteract the effects of the downturn had also been seriously affected: export demand for their products had dropped by 5 to 10 per cent and their remittances were expected to fall between 5 and 10 per cent in 2009.

14. Such statistics were sobering. Thus, despite some hopeful signs of increased industrial output and trade, there was a clear need to make progress in the debate on sources of financing for development. The United Nations, with its universal membership and development mandate, was an important forum for discussion of the way forward.

15. The United States had been a consistent and strong supporter of the financing for development process since the 2002 International Conference on Financing for Development. The global consensus on development finance arising from that event and the ensuing multi-stakeholder follow-up process had been achieved as a result of the fundamental commitment of the United Nations to international economic and financial issues.

16. The High-level Dialogue on Financing for Development to be held in November 2009 provided an important opportunity to enhance the international community's understanding of financing for development issues and to move the financing for development process forward. To that end, his delegation called for an open, frank and substantive exchange of views.

17. **Ms. Navarro Barro** (Cuba) said that financing for development was an absolute priority for the countries of the South. The major obstacle to the achievement of development goals at all levels was undoubtedly the existence of a profoundly unjust and unsustainable world economic order that deprived the countries of the South of the financial resources that they required.

18. Rich countries clearly lacked the political will to provide developing countries with those resources, despite the various commitments that they had made to the contrary. For example, the 2002 International Conference on Financing for Development had achieved very little in concrete terms; the 2008 Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus had failed to live up to the expectations of developing countries; and, to date, a serious follow-up process had failed to materialize. Most developed countries had not even managed to honour their commitment to provide 0.7 per cent of their GNP as ODA to developing countries. In short, the supposed global partnership for development was little more than words.

19. To achieve a new international economic order, developed countries would first need to fulfil their commitment to allocate 0.7 per cent of their GNP to ODA. A credible monitoring mechanism would also be needed to provide information on the progress made.

20. Second, developed countries would need to contribute new and additional financial resources to developing countries, particularly in the context of the current economic and financial crisis.

21. Third, the rich world must cancel the foreign debt of the countries of the South and grant new soft loans to finance development. In that connection, a sovereign debt arbitration mechanism would need to be established within the framework of the United Nations to ensure the just and balanced treatment of debtor countries.

22. Fourth, the outcome of the Doha Development Round must place development at the heart of its mandate. The next step would be the establishment of a just and equitable multilateral trade system.

23. Fifth, the obsolete Bretton Woods institutions would need to be replaced by genuinely democratic

entities that allowed all countries to participate in the decision-making process.

24. **Mr. Ovalles-Santos** (Bolivarian Republic of Venezuela) said that excessive financial liberalization and deregulation had caused an unprecedented crisis in the capitalist system, thereby eroding equality and social justice, perpetuating poverty and increasing the asymmetries between developed and developing countries. The peoples of the world were now calling for the creation of new international financial institutions that reflected the interests of all States based on the principles of social justice, solidarity and equality. The Bretton Woods institutions had shown themselves to be incapable of establishing a fair and equitable global financial system. Structural reform of the international financial, economic and trade systems in place since the end of the Second World War would therefore be necessary in order for financing for development to be placed on a sounder footing.

25. The mobilization of international resources required the involvement of new institutions that addressed the needs of developing countries more swiftly. One such initiative already established was the Bolivarian Alternative for the Americas. The Union of South American Nations was also exploring the possibility of establishing regional financial institutions, such as the Bank of the South, to meet the socio-economic development goals of those countries. South-South cooperation, which fostered partnerships based on solidarity, complementarity and respect for sovereignty, was another example of effective cooperation.

26. **Mr. Choi** Jong-uk (Republic of Korea) said that the global financial, energy and food crises threatened to reverse the development gains made by developing countries to date. Strong efforts were therefore needed by the international community to help those developing countries most affected, including the fulfilment of all the commitments made under the Monterrey Consensus and the Doha Declaration on Financing for Development.

27. The United Nations should play a central role in formulating effective and concerted responses to such global crises. In that regard, his delegation welcomed the Organization's recent efforts, including the holding of the Conference on the World Financial and Economic Crisis and Its Impact on Development; the establishment of the Ad Hoc Open-ended Working Group of the General Assembly to follow up on the issues contained in the outcome document of the Conference; and the organization of the High-level Dialogue on Financing for Development to be held in November 2009.

28. His country had done its utmost to increase its contributions to international development cooperation by repeatedly scaling up its ODA. The Fourth High-level Forum on Aid Effectiveness, to be held in Seoul in 2011, should also help to generate significant momentum to improve development results.

29. Innovative financing for development, as a supplement to traditional ODA, had become increasingly important during the current crisis. For example, his Government had introduced a solidarity levy on airline tickets in September 2007. Income from the levy was being used to help combat HIV/AIDS, tuberculosis, malaria and other infectious diseases in sub-Saharan Africa.

30. Lastly, his delegation wished to emphasize the importance of avoiding economic protectionism during the current crisis, since international trade was the cornerstone of development and prosperity. In that regard, it was also important to strengthen Aid for Trade and appropriate national strategies to enhance the export competitiveness of developing countries.

31. **Mr. Cuello Camilo** (Dominican Republic) said that developing countries relied on financing for development to attain the internationally agreed development goals, including the MDGs. Development financing was part of the fundamental commitments that developed countries had agreed to fulfil under the MDGs, the Monterrey Consensus and the Doha Declaration on Financing for Development. With a view to improving their level of commitment in the future, he repeated the suggestion made by the President of the Dominican Republic during the general debate of the sixty-fourth session of the General Assembly, namely that taxation might be imposed on tax haven deposits.

The meeting rose at 4.10 p.m.